



Daily Report

East Asia

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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Japan

Clinton on Reviewing Options in Trade Issue

OW1602233994 Tokyo KYODO in English 2304 GMT
16 Feb 94

[Text] Washington, Feb. 16 KYODO—President Bill Clinton said Wednesday [16 February] he expects to have policy recommendations drawn up in the next few days to address trade disputes with Japan.

Clinton failed to resolve differences with Japanese Prime Minister Morihiro Hosokawa during a summit meeting last Friday over U.S. demands for reducing Japan's trade surplus and increasing the sale of foreign goods in Japan. "Ever since the talks I had with Prime Minister Hosokawa, we've been reviewing our options, consulting with our friends, trying to assess what course we ought to take," Clinton said.

"I think sometime in the next few days, my economic team... [ellipses as received] and our national security team will come back with a set of options and recommendations to me and then I'll have something to say," he told reporters during a White House ceremony announcing a 6 billion dollar sale of civilian aircraft to Saudi Arabia.

Clinton said the policy measures under review are different from the sanctions the U.S. Government announced Tuesday over a dispute with Japan on access to the Japanese cellular phone market. "That's an issue of longstanding development," he said.

The policy options under consideration reportedly include the resurrection of a U.S. trade law that allows punitive measures against countries which refuse to change what Washington deems unfair trade practices.

U.S. press reports said a White House decision to revive the "Super 301" trade measure through executive order is imminent, possibly by Thursday. Commerce Secretary Ron Brown said the White House has made no decision on the "Super 301" measure but predicted that Clinton will take some kind of action against Japan.

"We are absolutely bound to act. We are reviewing options now," Brown said in a television interview.

Asked about the possibility of a trade war with Japan, Brown said, "We don't even like to use that kind of language." Brown said the United States is faced with "a very difficult situation" but reiterated that the Clinton administration is determined to "open (Japanese) markets to American goods, products and services."

"We're going to do everything we can to get that done." He said. "We have said to Japan, 'we have to have measurable, monitorable results. Your markets must be opened because American exports mean American jobs.'"

Tokyo Wants U.S. To 'Act Sensibly' on Dispute

OW1702034294 Tokyo KYODO in English 0329 GMT
17 Feb 94

[Text] Tokyo, Feb. 17 KYODO—Japan wants the United States to "act sensibly" to address bilateral trade disputes, Chief Cabinet Secretary Masayoshi Takemura said Thursday [17 February].

"The leaders of the two nations have agreed on the need for a cooling-off period for the Japan-U.S. economic talks," the top government spokesman told a news conference. "We expect the U.S. Government to act sensibly."

Takemura's comments came a day after U.S. President Bill Clinton said he expects to have policy recommendations drawn up in the next few days to slash Japan's vast trade surplus with the U.S.

The policy options under consideration reportedly include the renewal of a U.S. trade law that allows retaliatory measures against countries which refuse to change what Washington deems unfair trade practices.

U.S. press reports said a White House decision to revive the Super 301 trade measure through executive order is imminent, possibly by Thursday.

Prime Minister Morihiro Hosokawa failed to narrow differences with Clinton during a summit meeting last Friday over U.S. demands for cutting Japan's trade surplus and boosting the sale of foreign goods in Japan.

Takemura said Hosokawa will convene a meeting Thursday afternoon of Japanese officials who negotiated with the U.S. in the economic talks held under a bilateral trade framework accord concluded last July.

A meeting joined by cabinet ministers will also be held sometime in the immediate future, the chief cabinet secretary said.

Asked about a proposed dispatch of a special envoy to the U.S. to break the deadlock on the strained bilateral trade ties, Takemura said, "it is a thinkable option."

Ichiro Ozawa, a senior leader of Shinseito and the main strategist of Hosokawa's ruling coalition, suggested in a press interview that the government send an envoy to Washington in March to restore trust in the Japan-U.S. relations.

Takemura said Tokyo has just unveiled a new economy-spurring package and is not considering additional pump-priming measures right now.

But he also spoke of the need for efforts to reduce Japan's trade surplus, which totaled 130 billion dollars last year, including about 60 billion dollars with the U.S.

"As the Japan-U.S. ties are most important to us, the government should do its utmost to solidify the relations once again," he said.

Official Rejects Talks Under Threat of Sanction

*OW1702133094 Tokyo KYODO in English 1312 GMT
17 Feb 94*

[Text] Tokyo, Feb. 17 KYODO—A senior Japanese posts and telecommunications ministry official said Thursday [17 February] Japan will not negotiate a cellular phone dispute with the United States under a threat of retaliation.

Masahito Tani, deputy minister for policy coordination, who returned Thursday from a trip to the U.S. for talks on the phone issue, also said the U.S. was vague on its argument that Tokyo breached a bilateral 1989 accord on boosted foreign access to Japan's mobile phone market.

In his talks with deputy U.S. Trade Representative Charlene Barshefsky, the U.S. side declined to specify which parts of the accord Japan has failed to fulfill, Tani said.

Citing Japan's perceived breach of the pact, the U.S. announced Tuesday its plans to impose sanctions against Japan, a move apparently prompted by the breakdown of the bilateral "framework" trade talks last week.

Futoshi Shirai, vice minister of posts and telecommunications, told a separate press meeting that Japan has little to do to avert the threatened U.S. sanctions.

"We have done what we could, but the U.S. says we have breached the accord. I doubt there is anything more we can do," he said.

Matsuura Suggests Informal Talks With U.S.

*OW1702075994 Tokyo KYODO in English 0743 GMT
17 Feb 94*

[Text] Tokyo, Feb. 17 KYODO—Deputy Foreign Minister Koichiro Matsuura, a top Japanese negotiator in the trade "framework" talks with the United States, on Thursday [17 February] suggested holding informal sessions between the two countries to try to thaw the frozen negotiations.

Matsuura told a luncheon meeting at the Foreign Correspondents Club of Japan it might be more "productive" to hold informal meetings than having official discussions under the spotlight of public attention.

"On our part, we are prepared to get into negotiations again, but... We have had conceptual difficulties in defining 'objective criteria'," Matsuura said.

"We have to think hard how we can overcome that conceptual difference. I hope the American side will also think hard," he said.

The framework talks, aimed at redressing the bilateral trade imbalance, broke down last weekend in Washington over U.S. demands that "objective criteria" such as numerical targets be set up to gauge foreign access to Japanese markets.

Matsuura said the greatest cause of the failure to come to full agreement was the different perception of the function of past bilateral agreements between Japan and the U.S.

The U.S. claimed that the past 30-odd accords between the two countries have not fulfilled their objectives, citing the deteriorating bilateral trade imbalance as proof, he said.

The Japanese argued that many accords have achieved their initial objectives such as an agreement on NTT procurement and one on beef imports, and that the bilateral trade imbalance is not the result of the failure of bilateral agreements but is caused by macroeconomics, he said.

Matsuura said Japan should hammer out a package of voluntary actions to deregulate its economy and to take further market-opening measures.

For example, Tokyo should look more carefully into its action program on government procurement announced earlier this month before the Japan-U.S. summit meeting, and study what additional elements it could add to it to introduce more competition and more transparency.

Concerning auto and auto parts, Matsuura said the Japanese and U.S. Governments should encourage cooperation among private sectors, saying additional government steps are limited because it is a highly deregulated area.

Matsuura, who led the Japanese delegation to the framework talks, said he feels "very depressed" that the six-month long negotiations failed.

He said at more than one point he felt the Japanese and U.S. delegations would be able to strike a deal and produce a small package.

It was a "very, very painful decision" for both sides to wrap up the talks without success.

After the luncheon meeting, Matsuura and other senior officials of the foreign, finance and trade ministries met with Prime Minister Morihiro Hosokawa to discuss further action Japan should take following the breakdown of the talks.

'Source': No Need for Insurance Concessions

*OW1702032394 Tokyo KYODO in English 0317 GMT
17 Feb 94*

[Text] Tokyo, Feb. 17 KYODO—Japan's insurance market is more open than that of the United States, a

Japanese Government source said Thursday [17 February], indicating there is no need for Japan to make more concessions in this area in trade talks with the U.S.

"The insurance market in Japan is far more open than that in the United States. The U.S. side is just not making enough marketing effort," the source said.

Last week, the U.S. and Japan failed to reach agreement on liberalizing the Japanese insurance market, one of the three priority areas under negotiation in bilateral framework trade talks.

U.S. President Bill Clinton announced Wednesday that to address the trade issue, policy recommendations will be drawn up by the end of the week which could include revival of the punitive Super 301 trade measure.

The source indicated the Japanese Government has few new measures up its sleeve to respond to the retaliatory measures the U.S. may take.

"We are already doing everything we can to reduce Japan's trade surplus," he said.

U.S. Rice Goes on Sale in Tokyo Supermarkets

*OW1102131194 Tokyo KYODO in English 1237 GMT
11 Feb 94*

[Text] Tokyo, Feb. 11 KYODO—California-grown rice, imported to meet last year's bad harvest, went on sale in supermarkets in Tokyo on Friday [11 February].

The Seiyu chain's Kichijoji store prepared 350 two-kilogram bags and another 350 five-kilogram bags of the rice, priced at 750 yen and 1,850 yen respectively, but they were sold out in two hours, store officials said.

Japan is expected to import as much as two million tons of rice to make up for a shortage resulting from last year's worst postwar harvest.

Rice produced in the United States, China and Thailand is expected to be sold at retailers throughout the nation by late February.

Market-Opening 'Voluntary Measures' Discussed

*OW1702091194 Tokyo KYODO in English 0900 GMT
17 Feb 94*

[Text] Tokyo, Feb. 17 KYODO—The government may draw up a set of measures to further liberalize the Japanese market by February 26, Chief Cabinet Secretary Masayoshi Takemura indicated Thursday [17 February].

The top government spokesman made the suggestion at a regular news conference after a meeting among Prime Minister Morihiro Hosokawa and subcabinet-level officials who represented Japan at trade negotiations with the United States.

"A cabinet-level session will be convened on the matter next week," said one government source.

Prime Minister Hosokawa plans to focus on improving foreign access to the market in a meeting with cabinet members, government sources said.

They said the scheme, including deregulations and boosting imports, is designed to break the impasse in the bilateral framework trade talks.

The talks to whittle down Japan's lopsided trade surplus with the United States broke down last week, prompting Washington on Tuesday to announce plans to impose sanctions for a slow U.S. penetration into Japan's cellular phone market.

Takemura said the prime minister and government officials confirmed in the meeting that the government will voluntarily draw up measures to help slash Japan's vast trade surplus, which totaled 130 billion dollars last year, of which about 60 billion dollars was with the U.S.

The steps include deregulation and promotion of imports and investments in Japan, freeing competition for foreign goods and services in Japanese markets and improving government procurement.

Asked if the steps will be compiled before the February 26 meeting of finance ministers and central bankers of the Group of Seven major economic powers in Germany, Takemura replied, "it should not be too late."

Hosokawa has noted the need for Japan to "swiftly" come up with voluntary measures since he and U.S. President Bill Clinton failed in their summit last Friday to narrow differences on cutting the trade surplus and boosting the sale of foreign goods in Japan.

Takemura added that a cabinet-ministerial meeting on Japan's trade gap with the U.S. should be held as quickly as possible.

He also renewed his call on the U.S. to refrain from imposing retaliatory measures.

Clinton said Wednesday he expects to have policy recommendations drawn up in the next few days to address the bilateral disputes.

The options under consideration reportedly include resurrection of a U.S. trade law that allows punitive measures against countries that refuse to change what Washington deems are unfair trade practices.

U.S. press reports said a White House decision to revive the "Super 301" trade measure through executive order is imminent, possibly by Thursday.

Cabinet Task Force on Market Opening Announced

OW1702131994 Tokyo KYODO in English 1306 GMT 17 Feb 94

[Text] Tokyo, Feb. 17 KYODO—Prime Minister Morihiro Hosokawa said Thursday [17 February] that five ministers will join a cabinet task force next week to work out fresh Japanese market-opening measures following last week's virtual collapse of bilateral trade "framework" talks.

Hosokawa said the five are Finance Minister Hirohisa Fujii, Foreign Minister Tsutomu Hata, International Trade and Industry Minister Hiroshi Kumagai, Posts and Telecommunication Minister Takenori Kanzaki and Chief Cabinet Secretary Masayoshi Takemura.

Two deputy chief cabinet secretaries, Yukio Hatoyama and Nobuo Ishihara, will also become members of the cabinet-level forum, Hosokawa said.

The forum will hammer out a package of market-opening measures which will include ways to promote deregulation, imports and investments. It will also include measures to tighten antitrust policies and improve government procurement procedures, government sources said.

Asked by reporters when the task force will reach a final conclusion on the package, Hosokawa said "I still do not know."

Hosokawa denied that he himself will ask U.S. President Bill Clinton by letter or telephone not to take punitive actions against Japan.

Clinton and Hosokawa, who met in Washington last weekend, failed to reach an accord over the trade framework.

The president said Wednesday he expects to have policy recommendations drawn up in the next few days to slash Japan's vast trade surplus with the U.S. totaling 50 billion dollars annually.

Toyota Chairman Concerned Over Strong Yen

OW1502005394 Tokyo KYODO in English 0028 GMT 15 Feb 94

[Text] Washington, Feb. 14 KYODO—The chairman of leading Japanese automaker Toyota Motor Corp. expressed concern over the surge in the yen against the U.S. dollar Monday [14 February].

Toyoda, who is in Washington for the Japan-U.S. business conference, said, "an excessive rise in the yen is not good."

"Lifting the yen is surely not the solution for all problems," he said, disagreeing with the view that a rise in the Japanese currency is the only way left to rectify Japan's trade surplus with the United States.

He suggested that the monetary authorities should step in to stop the dollar from falling further.

"There must be an appropriate level that reflects economic fundamentals, and we should help the market get nearer that level," Toyoda said.

In New York trading Monday the yen soared momentarily to 101.10 to the dollar, and in late trading stood at 102.15-25 yen, up 4.85 yen from the previous session.

EPA: High Yen Encourages More Import Purchases

OW1702113594 Tokyo KYODO in English 1058 GMT 17 Feb 94

[Text] Tokyo, Feb. 17 KYODO—Consumers are buying more imports as the yen's appreciation makes foreign goods cheaper, according to an Economic Planning Agency (EPA) report published Thursday [17 February].

The survey said 24.8 percent of those polled said they buy imports more frequently than before, up 10.2 percentage points from the previous survey taken in May.

Asked whether the yen's rise has helped cut the prices of imports, 65.4 percent answered yes, against 43.9 percent in the May poll.

People who answered they see no price changes despite the stronger yen accounted for only 18.8 percent of respondents, sharply down from 35.8 percent, a finding indicating that importers have been passing on the high-yen benefits to consumers.

The poll was conducted in mid-December on 4,200 people nationwide, of which 92.3 percent responded.

More than half—57.9 percent—also wanted to see price cuts on everyday goods rather than luxury goods.

Source: BOJ Resolved To Counter Yen's Rise

OW1702143494 Tokyo KYODO in English 1424 GMT 17 Feb 94

[Text] Tokyo, Feb. 17 KYODO—A Bank of Japan [BOJ] source said Thursday [17 February] the central bank is ready to show its determination to prevent the yen from rising sharply. The source made the remarks shortly after the U.S. Commerce Department released 1993 and December trade figures.

The department said the United States had a record merchandise trade deficit of 59.3 billion dollars in 1993 with Japan, while its deficit in December shrank to 5.30 billion dollars from 5.72 billion dollars in November.

"The December trade deficit figure was smaller than expected," the source said on condition of anonymity, noting the improvement reflects a steady recovery of U.S. competitiveness.

Tokyo Reportedly To Renew DPRK Ties Attempt
SK1702063694 Seoul YONHAP in English 0625 GMT
17 Feb 94

[Text] Tokyo, Feb. 17 (YONHAP)—The Japanese Government is seeking to resume negotiations on normalizing ties with North Korea since Pyongyang decided to allow inspections by the International Atomic Energy Agency, NHK (NIHON HOSO KYOKAI) television reported on Thursday.

"Pyongyang seems to have decided to accept nuclear inspections because it wanted to deal with economic problems such as food shortages and to keep relations with the international community from deteriorating further. The Japanese Government regards Pyongyang's decision as a change in attitude toward the international community, and so decided to work to restart negotiations with Pyongyang on normalizing ties," NHK said.

Negotiations between Japan and North Korea broke off at the eighth round of talks in Beijing in November 1992, when Tokyo demanded an investigation into the alleged abduction of a Japanese woman named "Yi Un-hui."

North Korean terrorist Kim Hyon-hui, who planted a bomb on a South Korean airplane that exploded over the Andaman Sea off Myanmar in November 1987, confessed that she had learned Japanese from a Japanese woman who had been abducted from Japan to Pyongyang by North Korean agents.

Pyongyang refused the investigation demand and no meetings between Tokyo and Pyongyang have been held since.

Tokyo Intends To Unfreeze Grant Aid to Burma
OW1702122894 Tokyo KYODO in English 1156 GMT
17 Feb 94

[Text] Tokyo, Feb. 17 KYODO—Japan intends to soon resume small-scale grant assistance to Myanmar [Burma], suspended in part over the refusal of the military government there to transfer power to elected civilians, Foreign Ministry sources said Thursday [17 February].

The sources said Japan will likely resume such aid by the end of March, while continuing its suspension of new official loans to Myanmar in light of the continued house detention of opposition leader Aung Sang Suu Kyi.

One source said Japan's grant assistance would not go to the Myanmar Government, but for projects being implemented at the grass-roots level by nongovernmental organizations (NGOs).

The sources said the Japanese Government has already notified the United States of its intentions. Washington has strongly criticized the Myanmar junta over alleged human rights violations.

A number of requests have already been received from NGOs operating in Myanmar for project funding, the sources said.

Each project approved will likely be supported to the tune of several millions of yen, they said.

Japan considered a possible resumption of official loans in January, when Myanmar's national convention to debate a new constitution was resumed, the sources said.

The idea was dropped, however, when it became clear there remained no sign that Aung San Suu Kyi would be released, they said.

Hosokawa Expresses Hope To Visit Europe
OW1702110594 Tokyo KYODO in English 1053 GMT
17 Feb 94

[Text] Tokyo, Feb. 17 KYODO—Prime Minister Morihiro Hosokawa said Thursday [17 February] that he wants to visit European nations before the summit meeting of the Group of Seven (G-7) leading industrialized nations scheduled from July 8 to 10 in Naples, Italy.

"If possible, I want to visit Europe before the summit," Hosokawa said in a meeting with some 30 members of the Japan-Germany Dialogue Forum held at his official residence.

Hosokawa, who assumed the premiership last August, has already visited the United States and South Korea, but has not yet had a chance to go to Europe.

Hata Comments on Condition for Visit to Russia
OW1702084694 Tokyo KYODO in English 0836 GMT
17 Feb 94

[Text] Tokyo, Feb. 17 KYODO—Foreign Minister Tsutomu Hata is likely to visit Moscow next month if next week's working-level meeting on a bilateral territorial dispute shows progress, government sources said Thursday [17 February].

Deputy Foreign Minister Hiroshi Fukuda and Russian Vice Foreign Minister Aleksandr Panov are scheduled to meet in Moscow Monday and Tuesday to discuss both nations' claims to a handful of Russian-held islands off the eastern tip of Hokkaido.

It will be the first working-level session to be held since last September's visit to Tokyo by Russian President Boris Yeltsin.

Fukuda and other Japanese negotiators are expected to propose expanding visits to Japan by the residents of the disputed islands and to let citizens of both countries know about a jointly-edited collection of historical materials regarding the territorial dispute, the sources said.

If the talks progress, Hata will probably visit Moscow on March 19-21, the sources said.

Tokyo will also be watching to see what influence Russian conservatives and rightists, who are opposed to the reversion of the islands to Japan and who did well in last December's parliamentary elections, have on the territorial discussion.

Both sides are also expected to exchange views on bilateral trade, North Korea's suspected nuclear arms development program, and strife in the Balkans, the sources said.

Tokyo claims Kunashiri, Etorofu, Shikotan and the Habomai group, which were overrun by the army of the former Soviet Union at the end of World War II.

Red Cross Plans Medicine Shipment to Irkutsk

OW1602102894 Tokyo KYODO in English 0900 GMT 16 Feb 94

[Text] Tokyo, Feb. 16 KYODO—The Japan Red Cross Society said Wednesday [16 February] it will ship some nine tons of medicine worth 80 million yen to Irkutsk in the Russian Far East by chartered aircraft Thursday.

The medical aid is part of assistance which Japan pledged to the former Soviet Union.

With the same shipment a medical microscope will be delivered to the local red cross society. It was purchased with some 500,000 yen in donations from the family of student Chieko Noda, who died in an airplane crash in Irkutsk in January at the age of 25.

Tokyo, Wellington Agree on New Flight Route

OW1702103094 Tokyo KYODO in English 1002 GMT 17 Feb 94

[Text] Tokyo, Feb. 17 KYODO—Japan and New Zealand have agreed to open a new flight route from Japan's new Kansai International Airport to New Zealand, a government official said Thursday [17 February].

Under the accord at the bilateral aviation talks held in New Zealand, Japan Airlines (JAL) and Air New Zealand will operate the flights together three times a week, the official at the Transport Ministry said.

Air New Zealand will also make separate flights of its own on the route three times a week.

JAL will give over to Air New Zealand the route between Nagoya and New Zealand, being jointly operated by JAL and Air New Zealand, late next month.

JAL decided that it would be better to change to a route from the new Kansai airport, to open this fall, since most of its passengers who use the flights from Nagoya are from the Kansai region.

JAL is thinking of introducing a route from Kansai to either Christchurch or Auckland, while Air New Zealand

is considering a route to either of those destinations with a stopover at Brisbane, Australia, the official said.

Tokyo To Probe Alleged Pakistan Yarn Dumping

OW1702153794 Tokyo KYODO in English 1511 GMT 17 Feb 94

[Text] Tokyo, Feb. 18 KYODO—The Japanese Government on Friday [18 February] decided to launch an investigation into alleged dumping of Pakistani cotton yarns in Japan under the Customs Tariff Law.

A team of officials from the Finance Ministry and the Ministry of International Trade and Industry (MITI) will be sent to Pakistan soon, and on the basis of its findings the government will decide within a year whether or not to levy a countervailing duty on cotton yarns imported from Pakistan.

This is the second time that the Japanese Government has investigated alleged dumping of goods in Japan by foreign interests.

The first case involves the dumping of ferrosilico-manganese in Japan by Chinese, Norwegian and South African concerns.

The Finance Ministry took up the yarn dumping issue in response to a suit filed last December by the Japan Spinners' Association, which claimed about 200 Pakistani manufacturers had exported cotton yarn for towels and sheets to Japan below the fair market value, causing damage to Japanese yarn manufacturers.

Tokyo To Invite 20 Argentines for Training

OW1602082894 Tokyo KYODO in English 0709 GMT 16 Feb 94

[Text] Tokyo, Feb. 16 KYODO—Japan will invite 20 Argentines between the ages of 25 and 35 for a training program to deepen their understanding of Japan, Foreign Ministry officials said Wednesday [16 February].

The program will be held from February 23 to March 9.

The Argentines, who hail from the government, economic and academic circles, will have the opportunity to hold talks with Japanese Government officials and business people, the officials said.

Prime Minister Morihiro Hosokawa had proposed the training program when Argentine President Carlos Menem visited Japan last December.

The participants will attend lectures on Japanese history, culture, economics and diplomacy and will visit the Diet and automobile factories, they said.

The Argentines will also stay with Japanese families in Hiroshima and Kyoto, the officials said.

Heads of 3 Parties Oppose Cabinet Reshuffle

*OW1702153294 Tokyo KYODO in English 1521 GMT
17 Feb 94*

[Text] Tokyo, Feb. 17 KYODO—Leaders of three out of the seven ruling parties appeared Thursday [17 February] to have agreed to oppose an early cabinet reshuffle being considered by Prime Minister Morihiro Hosokawa, political sources said.

The heads of the Social Democratic Party, the Democratic Socialist Party [DSP] and Sakigake (Harbinger) reached the accord in a meeting Thursday night, the sources said.

They were Tomiichi Murayama of the SDP, Keigo Ouchi of the DSP, and Masayoshi Takemura of Sakigake. Ouchi serves as the health and welfare minister, while Takemura is the chief cabinet secretary.

Earlier this week, Hosokawa said he is considering an early cabinet reshuffle, hinting at removing Takemura from the key position of chief cabinet secretary, a post serving as the prime minister's chief spokesman and also chief of staff.

On Wednesday, Hosokawa told a parliamentary session he has yet to decide whether to reshuffle his cabinet, but failed to rule out such a move. "The issue is still a blank piece of paper," he said.

On Thursday, Hosokawa reiterated to reporters that he is undecided whether to reshape the cabinet.

Official on Possible 5-Year Income Tax Cut Plan

*OW1702135394 Tokyo KYODO in English 1331 GMT
17 Feb 94*

[Text] Tokyo, Feb. 17 KYODO—A Ministry of International Trade and Industry [MITI] official said Thursday [17 February] Japan might propose a five-year income tax cut plan to show "our resolution" to stimulate domestic demand.

The high-ranking official, who asked not to be identified, told reporters the planned concession is part of new proposals to break the deadlocked Japan-U.S. framework trade talks.

President Bill Clinton reportedly expressed his dissatisfaction with a one-year income tax reduction, which is the pillar of Japan's largest-ever pump-priming package, during his meeting with Prime Minister Morihiro Hosokawa last week.

"Japan has to take the initiative by proposing some new concessions" to get bilateral negotiations moving again, the official said.

Earlier in the day, MITI Vice Minister Hideaki Kumano, speaking at a press conference, said the recent sharp yen surge against the U.S. dollar would have an adverse effect on the world economy and that of Japan as well.

The Japanese currency strengthened dramatically in the wake of failure of the framework negotiations at the Japan-U.S. summit meeting and Clinton's remarks that "objective criteria" will include foreign exchange movements.

The dollar closed Thursday trading in Tokyo at 103.48 yen, up from 108.25 yen on Friday.

BOJ Source Terms German Rate Cut Appropriate

*OW1702142394 Tokyo KYODO in English 1407 GMT
17 Feb 94*

[Text] Tokyo, Feb. 17 KYODO—The just-announced cut in the German benchmark rate is an appropriate step that will positively affect the domestic and European economies, a Bank of Japan (BOJ) source said Thursday night [17 February].

The source, who spoke on condition of anonymity, said, "the cut was made in consideration of the domestic economy and I think it's an appropriate measure.

"It will have a good effect on the European economy as well," the source said.

The Bundesbank announced it will reduce the discount rate to 5.25 percent from 5.75 percent, effective Friday, while leaving the Lombard emergency financing rate unchanged at 6.75 percent.

The move will have "no particular impact on Japan's financial policy," the source added.

Money Supply Rises 1.6 Percent From Year Ago

*OW1702102894 Tokyo KYODO in English 0945 GMT
17 Feb 94*

[Text] Tokyo, Feb. 17 KYODO—Japan's benchmark money supply grew 1.6 percent in January from a year before, the Bank of Japan said in a preliminary report Thursday [17 February].

That was up 0.2 percentage point from a revised 1.4 percent year-to-year expansion for December, the report said.

The broader measure of liquidity, including postal savings, government bonds and investment trusts, rose 3.0 percent in January from a year before, after a preliminary 2.9 percent year-to-year gain in December.

The closely watched money supply figure measures cash in circulation, time and demand deposits and certificates of deposit (CDs). Its outstanding balance for January averaged 513.7 trillion yen, the central bank said.

The January 1.6 percent year-on-year increase marked the first growth pace pickup in four months.

Although January's year-to-year money supply growth exceeded that of December, it represented one-time factors rather than a change in trend, a central bank official said.

He predicted money supply growth would stay in the 1.0-2.0 percent range for the next couple of months, as it has since May.

One factor making the January figure look bigger was the end of the effect on year-to-year comparisons caused by a change last year in the tax system to monthly payments of inheritance taxes, the official told reporters. They had been paid in twice-yearly lump sums before that.

Also, a weaker yen last month inflated the value of foreign-currency holdings in yen terms, he said.

Asked about the effect of this week's sharp surge by the yen, the official said it is too early to tell if it will continue and contribute to lowering the February money supply results.

During January, CDs declined from a year earlier, but growth picked up in time and demand deposits.

January's 1.6 percent money supply growth roughly met the expectations of economists at 12 financial institutions who had predicted 1.5 percent year-to-year growth for January.

The survey earlier this week by KYODO NEWS SERVICE found predictions ranging from 1.3 percent to 1.9 percent.

Tsuruoka Named as New Vice Farm Minister

OW1402135994 Tokyo KYODO in English 1308 GMT 14 Feb 94

[Text] Tokyo, Feb. 14 KYODO—Farm Minister Eijiro Hata has named Toshihiko Tsuruoka, head of the Food Agency, as new vice minister to succeed outgoing Akio Kyoya, ministry officials said Monday [14 February].

Tsuruoka, 57, joined the Agriculture, Forestry and Fisheries Ministry in 1959 after graduating from Tokyo University and has been director general of the Food Agency since July 1992.

Hirofumi Ueno, 55, director of the minister's secretariat, will succeed Tsuruoka as the head of the Food Agency, the officials said.

The government will approve the appointments February 15 and they will be effective the following day, they said.

Says Infrastructure 'Priority'

OW1602102794 Tokyo KYODO in English 0916 GMT 16 Feb 94

[Text] Tokyo, Feb. 16 KYODO—Newly appointed vice farm minister said Wednesday [16 February] his top

priority is to create a healthier agricultural infrastructure in Japan to prepare the country for the opening of the rice market from next year.

Toshihiko Tsuruoka, former director general of the Food Agency, told a press conference that farming in Japan will be very different in the future from what it is today.

"Creating a stronger farming base is my task. Japan is small but the land has high productivity. So I believe that we can do it if proper measures suited to each region are taken," he said.

Asked about criticism that farm ministry officials should take responsibility for Japan's decision to lift its ban on rice imports last year, Tsuruoka said his responsibility "lies in carrying out what I should do, which is to help farmers prepare for the rice market opening."

Former vice farm minister Akio Kyoya, also at the press meeting, said he had to make "a painful choice" as a negotiator directly involved in the Uruguay Round of global trade talks, which completed in December.

He denied any connection between the rice decision and his retirement.

Use of Mixed Oxide Nuclear Fuel Promoted

OW1702062494 Tokyo KYODO in English 0605 GMT 17 Feb 94

[Text] Tokyo, Feb. 17 KYODO—The electric power industry is gearing up to introduce mixed oxide fuel, made up of uranium and plutonium, in light water nuclear power reactors as early as 1998, industry sources said Thursday [17 February]. Currently such nuclear plants are driven by enriched uranium.

The end of the Cold War has spurred greater interest in use of surplus plutonium as fuel for nuclear power stations, the sources said.

Japan's nine major electricity utilities and Japan Atomic Power Co. will select at least one power plant in which the mixed oxide fuel will be used, the sources said. They said mixed oxide fuel will account for one-third or one-quarter of the total fuel for nuclear power stations.

Japan Atomic Power was jointly established by the nine power firms and the semigovernmental Electric Power Development Co. in 1957.

The power industry plans to use 30 tons of plutonium to be obtained from Britain and France for such fuel. Japan has entrusted the two European countries to reprocess spent nuclear fuel.

Tokyo Electric Power Co. and Kansai Electric Power Co. had planned to introduce mixed oxide fuel for a boiling water reactor and pressurized water reactor, respectively, on a trial basis in the middle of the 1990s.

The plans have made little headway, however, prompting the 10 companies to consider using the fuel

for a light water reactor in a move to rein in the generation of surplus plutonium, the sources said.

Compensation To Cover Unpaid Wages Hits High
OW1702102994 Tokyo KYODO in English 0947 GMT 17 Feb 94

[Text] Tokyo, Feb. 17 KYODO—Payments by a government-backed body to compensate workers for unpaid wages and severance pay have hit an annual record, the Labor Welfare Corp. said Thursday [17 February].

The Labor Ministry-backed corporation told KYODO NEWS SERVICE that as of February 10, fiscal 1993 payments totaled 4,032 million yen, the highest since the corporation was established in 1976.

A total of 12,484 workers from 662 companies, mostly small businesses, received the benefits.

Payments for the year ending next March 31 are expected to reach 4.8 billion yen, more than double the 2.27 billion yen the year before, the corporation said.

The previous annual record was 3,864 million yen, paid to 17,300 workers in fiscal 1985.

The corporation pays wages and severance pay to employees on behalf of their bankrupt and financially troubled employers.

LSI Chip for Video Image Processing Developed
OW1702090594 Tokyo KYODO in English 0843 GMT 17 Feb 94

[Text] Tokyo, Feb. 17 KYODO—Nec Corp. said Thursday [17 February] it has developed a large-scale integration (LSI) chip that would make it possible to process moving video images with a single chip.

The leading Japanese electronics manufacturer said it is the world's first microchip capable of processing moving images produced by video cameras.

With current technology, a desk-size computer system would be needed for similar processing.

NEC said potential applications of the chip include a computer-based multimedia terminal that would handle image and voice data, as in teleconferencing.

The chip, 15.1 by 15.6 millimeters, comprises 10 million transistors, 64 processors for image processing and a two-million-bit memory device, NEC said.

The processors, through parallel data processing, make it possible to perform 3.84 billion calculations per second, NEC said.

Fujitsu Develops New 'Quantum Effect' Transistor
OW1702023194 Tokyo KYODO in English 0211 GMT 17 Feb 94

[Text] Tokyo, Feb. 17 KYODO—Fujitsu Ltd., Japan's largest computer maker, said Thursday [17 February] it has developed an improved version of the so-called quantum effect transistor which has both logic and memory functions in addition to the usual on-off function.

With this special effect the multi-emitter resonant-tunneling hot electron transistor (ME-RHET) will help reduce the number of components of computer chips to about one-ninth, Fujitsu officials said.

For example, a pilot type of this transistor coupled with a resistor can perform on par with a circuit of 18 ordinary transistors and resistors, they said.

The new transistor is one of the major fruits of a project supervised by the Ministry of International Trade and Industry.

In line with the project aim of developing ultra-small, quantum-effect device fabrication technology in the near future, Fujitsu released the first version of the transistor in 1985, the officials said.

North Korea

Radio Reports Anti-U.S. Demonstrations in South
SK1702142694 Pyongyang Korean Central Broadcasting Network in Korean 1215 GMT 17 Feb 94

[Text] According to a South Korean broadcast report, college students in Kwangju and Taegu today staged fierce anti-U.S. demonstrations.

At 0730 [2230 GMT on 16 February] this morning, about 300 college students in Kwangju district staged an anti-U.S. demonstration in front of the American Center located in Yangnim-dong, So-ku. The demonstrators denounced that the United States has been creating an atmosphere of war by intensifying pressure on North Korea pertaining to the nuclear issue.

The college students strongly demanded that the United States suspend applying nuclear pressure on the North and staging the Team Spirit joint military exercise. The enraged demonstrators threw more than 100 paint bottles and stones at the American Center, thus staging a fierce demonstration.

In addition, at around 0740 [2240 GMT on 16 February] this morning, about 50 college students dashed to the American Center located in downtown Taegu and staged a surprise anti-U.S. demonstration. By shouting the slogan, "We oppose the United States heightening tensions on the Korean peninsula," they threw scores of paint bottles at this U.S. organization.

Envoy to Russia Decries Japan's Nuclear Armament*SK1702140894 Pyongyang Korean Central Broadcasting Network in Korean 0805 GMT 17 Feb 94*

[Text] Son Song-pil, ambassador of our country to Russia, held interviews with reporters of ITAR-TASS, SOVETSKAYA ROSSIYA, and (KOMMERSANTO), on 8 and 10 February in connection with Japan's nuclear armament maneuvers and with commotions on our missile threat loudly talked about by Western countries, including the United States.

The ambassador responded to questions about the commotions on our missile threat noisily talked about by the United States and Western countries.

He said: The United States and Western countries raved that by developing missiles, we are threatening Japan and South Korea and are exporting missiles to Middle East countries. Their claim is a barefaced lie. This is intended as justification for the United States to continuously keep military bases and troops in Japan and South Korea and to militarily crush our Republic by reinforcing its Armed Forces. This is also designed for the United States to militarily tie down [kunsajoguro olgo maenochanunde] South Korea. As is known to the entire world, our defense forces are, for all intents and purposes, defensive forces of the nation. Public opinion that we will attack Japan and South Korea first is a trick fabricated by the United States. Our country is a peace-loving state. The hardline conservative forces in the United States should not miscalculate our military power.

It is a firm resolution of our people and People's Army to defend the nation's independence and dignity. We are fully prepared for any contingency. We will respond to dialogue with dialogue and to war with war. If the United States advances along the road of confrontation with us through strength by reinforcing armed forces in Northeast Asia, we will take corresponding countermeasures [sangunghan taecungchaegul chwhihada].

Responding to questions on Japan's nuclear armament, the ambassador said that Japan recently announced that it will ignite a new fast-breeder reactor, which is capable of producing a large quantity of plutonium. He continued:

Japan has the potential to produce nuclear weapons at any time. In addition, it has a 800-ton annual nuclear reprocessing capacity. Japan is stockpiling 1.6 tons of plutonium at home and 2.9 tons overseas. Japan plans to possess 50 tons of plutonium by 2010. When this is realized, Japan will be capable of producing more than 6,200 nuclear bombs.

Japan has already developed intercontinental ballistic missiles capable of delivering nuclear weapons. Japan's undisguised nuclear armament poses a great threat to peace and security in Northeast Asia, including the Korean peninsula, and to the world.

Therefore, the people of the world, not to mention the Asian people, should deal with Japan's nuclear armament with a sense of vigilance, and should thoroughly check such armament. If one fails to check Japan's nuclear armament, the denuclearization of the Korean peninsula would be meaningless. Therefore, Japan's nuclear armament must be checked, first of all, to achieve the denuclearization of Northeast Asia.

Further on Visit by Thai Party Delegation**Meets With WPK Delegation***SK1702060894 Pyongyang KCNA in English 0437 GMT 17 Feb 94*

[Text] Pyongyang, February 17 (KCNA)—A delegation of the Workers' Party of Korea (WPK) had talks with a delegation of the Social Action Party of Thailand (SAPT) here Wednesday.

Present at the talks on the WPK side were Secretary of the C.C. [Central Committee], WPK Hwang Chang-yop, Vice-Director of a department of the C.C., WPK Kim Yang-kon and officials concerned and on the opposite side were the delegation led by deputy leader of the party Bunphan Kaeowattana.

The sides discussed the development of bilateral relations and some matters of common concern.

The talks took place in a friendly atmosphere.

'Friendly Talk' With KSDP Chairman*SK1702061694 Pyongyang KCNA in English 0438 GMT 17 Feb 94*

[Text] Pyongyang, February 17 (KCNA)—The Chairman of the Central Committee of the Korean Social Democratic Party (KSDP), Kim Pyong-sik, met and had a friendly talk with the visiting delegation of the Social Action Party of Thailand led by its Deputy Leader Bunphan Kaeowattana at the Mansudae Assembly Hall Wednesday.

The head of the delegation told him that his delegation has come to Korea to celebrate the 52nd birthday of the dear leader His Excellency Kim Chong-il and hoped that the Korean people will make great achievements in accordance with their just idea.

International Seminar on Chuche Held in Uganda**Statement Supports Reunification***SK1702044794 Pyongyang KCNA in English 0407 GMT 17 Feb 94*

[Text] Pyongyang, February 16 (KCNA)—A statement supporting the cause of Korean reunification was adopted on February 12 at the international seminar on the chuche idea for the independent development and cooperation of the world peoples held in Uganda.

Noting that "10-point programme of the great unity of the whole nation for the reunification of the country" put forward by the great leader President Kim Il-song reflects the noble desire of the Korean people to achieve national reunification and prosperity by winning the unity of the whole nation, irrespective of the difference in ideology, idea and system, the statement said all the Koreans in the North, South and overseas who love the country and the nation set 1995 as the first year of Korean reunification.

It said the South Korean authorities are seeking dependence on outside forces and North-South confrontation, ignoring the desire of the whole nation for reunification.

Pointing out that the "nuclear problem" of Korea over which the United States and its lackeys are raising outcries is an offspring of the U.S. moves against socialist Korea, the statement said:

"It is the United States that raised the 'suspicion of the North's nuclear arms development' and it is also the United States that is threatening the Democratic People's Republic of Korea.

"The United States must know that pressure or threat have no effect on the Korean people and such a method cannot solve the problem but may bring the situation to a hopeless phase.

"It must look squarely at all the facts and act with discretion.

"We fully support the proposal advanced by the Workers' Party of Korea to reunify the country through confederacy based on one nation, one state, two systems and two governments in accordance with the three principles of independence, peaceful reunification and great national unity, considering it to be the most fair one.

"We also strongly demand that the nuclear issue on the Korean peninsula must be solved through DPRK-U.S. talks because it was caused by the deployment of nuclear weapons in South Korea by the United States."

Sends Letter to Kim Il-song

*SK1702052694 Pyongyang KCNA in English
0425 GMT 17 Feb 94*

[Text] Pyongyang, February 17 (KCNA)—A letter came to the great leader President Kim Il-song from the participants in the International Seminar on the Chuche Idea for the Independent Development and Cooperation of the World Peoples held in Kampala, Uganda.

The letter dated February 12 says the participants in the seminar confirmed the truth of the chuche idea that to firmly build up the internal political forces and enhance their role is the basic guarantee of the building of a new independent society and called for keeping heightened

vigilance against the western-style "multi-party parliamentary democracy" aimed at disintegrating the patriotic forces.

Noting that the Democratic People's Republic of Korea is the homeland of the chuche idea and a model in the building of a new independent society, the letter says the participants are convinced that only when they regard independence as the life and soul of the country and the nation and achieve unity of the patriotic forces by rallying the popular masses around the leader and the leading organization, as indicated by the chuche idea, can they defend the sovereignty of the country and win economic liberation.

The letter wishes President Kim Il-song good health and long life.

Sends Letter to Kim Chong-il

*SK1702060694 Pyongyang KCNA in English
0435 GMT 17 Feb 94*

[Text] Pyongyang, February 17 (KCNA)—A letter came to the dear leader Comrade Kim Chong-il from the participants in the International Seminar on the Chuche Idea for the Independent Development and Cooperation of the World Peoples held in Kampala, Uganda.

The letter dated February 12 says the seminar expressed full support for and sympathy with the teachings of Comrade Kim Chong-il that it is the basic way for achieving independent development in developing countries to oppose neo-colonialism, establish a fair international order which embodies democratic principles, adopt a political mode suitable for the reality of one's own country and strengthen the internal political forces.

It notes that the participants in the seminar are convinced that only when the outstanding idea and theory on the independent development and cooperation of the people expounded by Comrade Kim Chong-il are applied to the reality, is it possible to achieve the complete economic liberation of the country and steadfastly defend its political sovereignty.

It points out that they confirmed the truth of the chuche idea that to form independent internal forces and enhance their role in every country by uniting the people closely around the leader and the leading organization is vital to defending independence, the life and soul of the country, and shaping the destiny of the popular masses.

It says they have been greatly inspired by the wise guidance of Comrade Kim Chong-il, who is leading the people to convincingly advance along the road of socialism chosen by themselves and by the struggle of the Korean people, who are steadfastly defending the sovereignty of the country, closely united around the leader.

The letter wholeheartedly wishes Comrade Kim Chong-il good health and long life.

Adopts Declaration Marking Birthday*SK1702064594 Pyongyang KCNA in English
0511 GMT 17 Feb 94*

[Text] Pyongyang, February 17 (KCNA)—A declaration was adopted at the International Seminar on the Chuche Idea for Independent Development and Cooperation of the World Peoples which was held in Kampala, Uganda, to mark the birthday of the dear leader Comrade Kim Chong-il.

The declaration dated Feb. 12 noted the seminar was a more significant gathering as it was held on the occasion of the 52d birthday of the dear leader Comrade Kim Chong-il who is consistently developing in depth the chuche idea.

It said:

The participants in the seminar unanimously stressed that it is the most urgent matter for the independent development of developing countries at present to liquidate neocolonialism, establish a fair international economic order based on the principle of democracy and achieve the unity of the patriotic forces by establishing political formula suited to realities of each country.

We consider that a new international economic order should be an independent one which can ensure the interests of all countries, strong and weak, irrespective of differences between the rich and the poor on the principle of democracy. The developing countries should reject the unlimited opening of markets and conditioned "aids", which may cause the bankruptcy of the national economy and economic dependence, and positively develop the South-South cooperation on the principle of the collective self-reliance.

We are convinced that the fundamental interests of the developing nations lie in building an independent sovereign state in a political aspect by uniting the patriotic forces.

The developing countries should not follow the western-style multi-party system and destroy the national unity achieved through the arduous struggle, but firmly ensure unity and solidarity among the popular masses by means of building up the united front of different political parties around the patriotic political party.

Kim Il-song Sends Greetings to Gambian President*SK1702103494 Pyongyang KCNA in English
1005 GMT 17 Feb 94*

[Text] Pyongyang, February 17 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea on February 17 sent a message of greetings to Gambian President Dawda Kairaba Jawara on the occasion of the 29th anniversary of the independence of Gambia.

In the message, President Kim Il-song expressed the belief that the friendly relations between the two countries would continue to develop and wished the Gambian president and people greater success in their work for the prosperity of the country.

More on Celebration of Kim Chong-il's Birthday**Korean Residents in Japan Celebrate***SK1702052394 Pyongyang KCNA in English
0453 GMT 17 Feb 94*

[Text] Tokyo February 15 [dateline as received] (KNS-KCNA)—A central meeting of Korean Residents in Japan was held in Tokyo on February 15 to celebrate the birthday of the dear leader Marshal Kim Chong-il.

In his report at the meeting, Yi Chin-kyu, first vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), said that the 16th of February when the dear leader was born was a very auspicious historical day which greeted the lodestar of the era of independence who would successfully carry forward and accomplish the cause of chuche started by the great leader President Kim Il-song and which promised the present glory, happiness and bright future to the country and the nation.

The reporter recalled that in February, 20 years ago, the dear leader put forward the great programme of modeling the whole society on the chuche idea and has converted Korea into a powerful socialist state centering on the popular masses by applying the programme with success.

He elaborated on the task to glorify this year as a year of a new victory in the history of the movement of Koreans in Japan by further strengthening and developing Chongnyon into a patriotic organisation loyal to the sagacious leader.

A congratulatory message to Marshal Kim Chong-il in the name of the Chongnyon Central Standing Committee was read out at the meeting.

The Chongnyon Central Standing Committee arranged a banquet in celebration of the birthday of Marshal Kim Chong-il on February 14.

Present there were Tomiichi Murayama, chairman of the Central Executive Committee of the Japan Socialist-Democratic Party, members of the Houses of Representatives and councillors from various political parties of Japan, prominent figures from all walks of life of Japan and diplomatic envoys of China, Russia and other countries.

Greetings Sent From Abroad

SK1702064694 *Pyongyang KCNA in English*
0430 GMT 17 Feb 94

[Text] Pyongyang, February 17 (KCNA)—Messages of greetings were sent to the dear leader Comrade Kim Chong-il by heads of state and party leaders of different countries on his birthday.

They came from Lansana Conte, president of the Republic of Guinea; Mohamed Abdelaziz, president of the Saharan Arab Democratic Republic and general secretary of the Polisario Front; Norodom Sihanouk, King of Cambodia; Chea Sim, chairman of the Central Committee of the People's Party of Cambodia and president of the National Assembly; A. Moroz, chairman of the Political Council of the Socialist Party of the Ukraine; Indrajit Gupta, general secretary of the National Council of the Communist Party of India; Ndirumpatse Mathieu, president of the National Republican Movement for the Democracy and Development of Rwanda; El Hadj Boubacar Diallo, general secretary of the Party for Unity and Progress of Guinea; Chairman Aida Abella Esquivel and International Secretary Julio Cesar Pachon of the National Leadership of the Patriotic Union of Colombia; Executive Secretary Generals Marina Arismendi, Carlos Tutzo and Pedro Balbi and International Secretary Roberto Catenachio of the Central Committee of the Communist Party of Uruguay; and Orlando Van Amson, chairman of the National Democratic Party of Surinam.

The messages extend warmest congratulations to Comrade Kim Chong-il and wish him good health and long life.

Children's Union Holds Meeting

SK1702045794 *Pyongyang KCNA in English*
0414 GMT 17 Feb 94

[Text] Pyongyang, February 16 (KCNA)—A grand joint national meeting of organisations of the Korean Children's Union (KCU) was held today at the Pyongyang indoor stadium to mark the birthday of the dear leader Mr. Kim Chong-il.

Attending the meeting were Politburo members of the Central Committee of the Workers' Party of Korea—Premier of the Administration Council Kang Song-san, Vice-President Pak Song-chol, Chief of the General Staff of the Korean People's Army Choe Kwang—and other cadres of the party and government, anti-Japanese revolutionary fighters, heroes, frontrankers in beautiful communist traits, noted scientists, artists and sportsmen, provincial delegates of the children's union and school children in Pyongyang.

A children's union ceremony took place prior to the meeting.

Flags bearing portraits of the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il entered the meeting hall, escorted by members of the children's union.

Reports were made by the column heads.

Choe Yong-hae, chairman of the Central Committee of the League of Socialist Working Youth of Korea, made a congratulatory report at the meeting.

He said that the school children are sturdily growing to be future masters equipped with knowledge, a good moral character and good health, enjoying the happiest life in the world under the loving care of the dear leader Mr. Kim Chong-il.

"The children's union members should prepare themselves more firmly as loyal and filial sons and daughters through a vigorous movement of learning from the glorious youth and childhood of the dear leader Mr. Kim Chong-il and thus defend and glorify the Korean-style socialism centred on the popular masses generation after generation," he said.

Then followed a ceremony for the admission of children to the Korean Children's Union.

Children who were admitted to the KCU made an oath and party and government cadres, anti-Japanese revolutionary fighters, heroes, scientists, officers of the Korean People's Army tied neckerchiefs around their necks and pinned badges on their chests.

The children responded with their first children's union salute, shouting "we will always prepare ourselves" to the call "let us always prepare ourselves as reserves of communist construction!"

Then columns of KCU members marched past.

Mass Gymnastic Display Held

SK1702050794 *Pyongyang KCNA in English*
0422 GMT 17 Feb 94

[Text] Pyongyang, February 16 (KCNA)—The mass gymnastic display "Party's Care Will Be Eternal" was performed by students and children of Pyongyang at the Pyongyang indoor stadium on February 16 to celebrate the birthday of the dear leader Comrade Kim Chong-il, supreme commander of the Korean People's Army.

The display was watched by member of the presidium of the Political Bureau of the Central Committee [C.C.] of the Workers' Party of Korea [WPK] and Minister of People's Armed Forces O Chin-u, Premier of the Administration Council Kang Song-san and Vice-Presidents Yi Chong-ok and Pak Song-chol who are members of the Political Bureau of the C.C., the WPK, chairman of the Central Committee of the Korean Social Democratic Party and Vice-president Kim Pyong-sik, other party and government officials, generals of the Korean People's Army, anti-Japanese revolutionary fighters, bereaved family members of the revolutionary martyrs,

soldiers of the Korean People's Army, working people and students and children in the city.

Ho Chong-man, chief vice-chairman of the Central Standing Committee of the General Association of Korean residents in Japan (Chongnyon), on a visit to the socialist homeland also saw the display.

Invited to see the display were the delegations of the Communist Party of Canada (Marxist-Leninist), the Communist Party of Uruguay, the Social Action Party of Thailand and the International Institute of the Chuche Idea visiting Korea and other foreign guests.

The display composed of the scenes "We Will Win Because You Are Leading Us", "The Intimate Name", "We Are Happy in His Bosom" "Let Us Uphold Our Party" and "Singlehearted Loyalty and Filial Piety" Successfully Depicts the Single Heart of the Korean People Extending Highest Honour to the Dear Leader Comrade Kim Chong-il and Wishing Him a Long Life in Good Health.

The display presents on the canvases of sport art the immortal feats of dear Comrade Kim Chong-il and the highest honour and happiness of the working people and younger generation of Korea who live and make the revolution in his bosom with him at the head of the party and the Revolutionary Armed Forces.

It also shows on vivid scenes the firm faith and indomitable will of the Korean people, who are upholding the Workers' Party of Korea with loyal hearts and carrying the revolutionary cause of chuche to completion, meeting all the challenges of the enemies with the might of singlehearted unity and the revolutionary spirit of self-reliance and hard struggle.

The mass display was acclaimed by the spectators for its high ideological and artistic plane and technique, strong organization and discipline.

Youth Vanguard's 'Swear Allegiance'

*SK1702061494 Pyongyang KCNA in English
0444 GMT 17 Feb 94*

[Text] Pyongyang, February 17 (KCNA)—Young vanguards met at the Kim Il-song Stadium here Wednesday to swear allegiance on the occasion of the birthday of the dear leader Comrade Kim Chong-il.

Present at the meeting were Vice-President Pak Song-chol, Chief of the General Staff of the Korean People's Army Choe Kwang and Secretary of the C.C. [Central Committee], the Workers' Party of Korea [WPK] Kye Ung-tae, who are Politburo members of the C.C., the WPK, and other party and government cadres, together with over 70,000 youth and students.

Choe Yong-hae, chairman of the C.C., the League of Socialist Working Youth [LSWY] of Korea, made a report at the meeting, which was followed by speeches.

The reporter and speakers said that as the dear leader was born and has stood in the van of the revolution there could be the socialist motherland of chuche the progressive mankind look up to, ever-victorious Workers' Party of Korea and the present unbounded happiness and brilliant future of the people and youth.

They noted it is the requirement of the Korean revolution that five million young vanguards unite firmly in one mind around the great General Kim Chong-il and herein lies a firm guarantee for defending and accomplishing the cause of socialism under any difficult and complicated situation and successfully achieving the historical cause of national reunification.

And they expressed their determination to become a fortress and shield in safeguarding the Great General Kim Chong-il politically and ideologically with their lives.

They called upon the LSWY members and other young people to dynamically conduct the movement of following Comrade Kim Chong-il, upholding the slogan of loyalty "Let Us Learn From the Dear Leader Comrade Kim Chong-il!"

The entire participants solemnly pledged loyalty to the Great General Kim Chong-il, led by a precentor, representing the unshakable faith and will of the five million young vanguards to defend the cause of socialism to the end under the leadership of the party, as the first and second generations of the revolution did.

Winter Camp for Children Begins

*SK1702061994 Pyongyang KCNA in English
0447 GMT 17 Feb 94*

[Text] Pyongyang, February 17 (KCNA)—Winter camping of school children has begun at the Changjasan Children's Union Camp on the occasion of the auspicious February holiday.

The camp is situated at the glorious historical site where the dear leader Comrade Kim Chong-il nurtured a great will to bring a bright future of the country during the Fatherland Liberation War, wishing the great leader President Kim Il-song good health.

It has camping pavilions and circle rooms suited to the age and mental character of children's union members and equipped with uptodate facilities and apparatuses.

Chairmen of the children's union committees of those schools to which President Kim Il-song and Comrade Kim Chong-il gave on-the-spot guidance and children of disabled soldiers, 216 all told, entered for the first camping of this year, the 15th anniversary of the start of the winter camping.

An entrance meeting of the Changjasan Children's Union Camp was held on February 16.

Figure Skaters Perform Exhibition

*SK1702103894 Pyongyang KCNA in English
1007 GMT 17 Feb 94*

[Text] Pyongyang, February 17 (KCNA)—An exhibition performance of figure skaters of different countries who participated in the 3rd International Figure Skating Contests for "Paektusan Prize" held on the occasion of the birthday of the dear leader Comrade Kim Chong-il took place at the ice rink in Pyongyang on February 16.

Seeing it were Yun Ki-chong, minister of finance and chairperson of the Korean Figure Skating Association; Pak Myong-chol, chairman of the State Commission of Physical Culture; and other officials concerned.

Also present were foreign guests staying in Korea.

The performers showed high technique and refined and perfect figure movements they had cultivated in their day-to-day training.

Kim Chong-il Sends Thanks to Zoo Employees

*SK1702110094 Pyongyang KCNA in English
1003 GMT 17 Feb 94*

[Text] Pyongyang, February 17 (KCNA)—The dear leader Comrade Kim Chong-il extended thanks to the officials and employees of the Central Zoo.

They have contributed to the development of science and education by building up the Central Zoo as a cultural pleasure ground and an educational centre for the people, raising the scientific and technical level of the rearing of animals and sending many animal stuffings and immersion samples to several dozen schools in different parts of the country.

Comrade Kim Chong-il also sent thanks to the Hoeyong combined foodstuff company for its innovations in carrying out the revolutionary economic strategy advanced by the Workers' Party of Korea.

WPK Sends Thanks to State Planning Committee

*SK1702051394 Pyongyang Korean Central
Broadcasting Network in Korean 2200 GMT 13 Feb 94*

[Text] A thank-you message from the Workers' Party of Korea [WPK] Central Committee was delivered to the functionaries of the State Planning Committee who showed fine examples in fully blooming the traditional spirit of unity between the Army and the people. A meeting to deliver the WPK Central Committee's thank-you message was held on the spot on 13 February.

Present at the meeting were Comrade Hong Sok-hyong, alternate member of the Political Bureau of the WPK Central Committee and chairman of the State Planning Committee, functionaries concerned, and functionaries of the State Planning Committee.

The WPK Central Committee thank-you message was delivered by Comrade Hong Sok-hyong. The thank-you

message pointed out that the WPK Central Committee extends warm thanks to the functionaries of the State Planning Committee who assisted the People's Army with all sincerity by upholding our party's plan on Army-civilian unity.

The message pointed out that the WPK Central Committee highly evaluates the great contributions made by the functionaries in further strengthening the country's defense capacity and consolidating the might of chuche industry by cherishing deep in their hearts warm loyalty to the party.

The message noted that the WPK Central Committee firmly believes that with the revolutionary spirit of self-reliance and hard struggle, functionaries of the State Planning Committee will live up to the party's expectation and trust by being true to the party's call on accelerating the general onward march of socialism and thus greatly contributing to effecting a new upsurge in economic construction.

Next, debates were held by Yi Tae-il, vice chairman of the State Planning Committee; Kim Yang-chun, director of a department; and Kim Su-kil, head of a section. Resolutions were adopted at the meeting.

South Korea

Kim Chong-il Reportedly Injured in Car Accident

*SK1702063094 Seoul CHUGAN CHOSON in Korean
24 Feb 94 pp 20-21*

[Article by U Chong-chang: "Is There a Change in Kim Chong-il's Health?"]

[Text] It was learned that North Korean President Kim Il-song's son, Kim Chong-il, has critically damaged his brain. According to information obtained from China in mid-January, our intelligence agency said: "Kim Chong-il was in a traffic accident around September 1993. He is in critical condition, with broken bones and brain damage."

This information was obtained by an official of the National Unification Board [NUB] through a researcher of a Chinese strategic institute when they participated in a seminar on Northeast Asian affairs held in the United States. The Chinese researcher said that he heard of such news from a friend with whom he served in the Army and who is currently working at the Chinese Embassy in Pyongyang and from a friend from school.

The content of the information conveyed by the Chinese researcher is as follows: "Kim Chong-il, who is a speed demon, was in a traffic accident while driving his car at high speed. Kim damaged his brain and his bones were broken. North Korea invited Chinese experts who can read X-rays well as well as brain surgeons. However, the North Korean side did not allow the Chinese doctors to see the patient. They returned to China after saying they could not make a diagnosis without seeing the patient."

Related agencies including the NUB and the Agency for National Security Planning [NSP] are currently analyzing this in detail. A related source said: "As a result of monitoring North Korea's various media, unusual signs are appearing surrounding Kim Chong-il such as the reduction in the number of teachings being carried out under his name. It seems definite that there is a change in Kim Chong-il's health."

There is additional evidence that there is a "great change" in Kim Chong-il's health. U.S. evangelist Billy Graham, who recently visited Pyongyang to hold a revival service, said: "What was most surprising about my visit to Pyongyang this time was the fact that Kim Chong-il had disappeared from view."

According to Rev. Graham, when he visited Pyongyang in 1992 Kim Il-song said to him: "Kim Chong-il is in charge of everything and I am standing at the second line." However, when he asked Kim Il-song about Kim Chong-il this time, Graham says he intentionally avoided the question. Billy Graham expressed his will to meet Kim Chong-il by saying: "I have a gift for Kim Chong-il." However, Kim Il-song changed the subject, Graham said.

An expert in South-North affairs said: "In the phrases 'the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il' which are being used commonly, the phrase 'the dear leader Comrade Kim Chong-il' has been gradually disappearing since September 1993. This shows that there is a change in Kim Chong-il's succession system."

A scholar on the issue of the reunification of the Korean peninsula said: "Viewing from various signs within North Korea, it seems that Kim Chong-il will face a change in his health before Kim Il-song. Now is the time to closely observe how Kim Chong-il's death will influence South-North relations."

An NSP official concerned says: "As far as we know, there seems to be something wrong with Kim Chong-il's cardiac system." He still insists that this is "intelligence" [choppo], not "information" [chongbo]. This official also said: "A heart specialist from Lyon University in Paris secretly visited Pyongyang in March 1991 and performed surgery to install a heart pacemaker." He went on to say: "At that time, Western intelligence agencies believed only Kim Il-song could afford such expensive surgery and paid attention to the physical checkup of Kim Il-song, an old man. However, Kim Chong-il seems to be the person who underwent the surgery."

This is not the first time that it was speculated something had happened to Kim Chong-il. Moscow radio reported in June 1993: "Kim Il-song strongly reproached his son, Kim Chong-il, and Kim Chong-il was hospitalized for a shock from this."

At about the same time, Russia's ITAR-TASS carried a similar report under the headline "Kim Chong-il's

Health Conditions." ITAR-TASS also carried this report in the ASIAN BULLETIN, which is distributed to Russian Government agencies and research institutes.

The report says: "Kim Il-song has recently strongly reproached Kim Chong-il, his son and heir apparent, for his mistakes in the handling of state affairs. As a result, Kim Chong-il suffered a nervous breakdown and could not carry out his official duties for two months." This episode immediately followed the "rumors that Kim Chong-il fell from a horse." It was said that during a horse ride, Kim Chong-il fell from the horse and suffered a serious head injury. Upon receiving this information, our intelligence agency closely examined Kim Chong-il's appearances on Pyongyang television. The agency found out that Kim Chong-il barely used his left arm in official functions.

An aide to Kim Chong-il, who contacted our side's official concerned in Beijing, China, said: "It is true that Kim Chong-il was injured when he fell from a horse. He was not injured in the head but slightly injured in the arms."

A little while later, Kim Song-ae, who had disappeared for some time, suddenly appeared at an official function and demonstrated that she is all right. Kim Song-ae is Kim Chong-il's stepmother and Kim Pyong-il's mother. Kim Song-ae and Kim Chong-il are on hostile terms.

Our side's agency concerned says: "When Cambodia's Sihanouk arrived in North Korea on 22 July 1993, Kim Song-ae appeared at the Pyongyang airport to receive Sihanouk. Kim Song-ae appeared at an official function to welcome a foreign state guest for the first time since she had disappeared from the public. This means Kim Song-ae regained her past authority."

What is also drawing our attention along with the rise of Kim Song-ae is the change in the status of Kim Yong-chu and Kim Pyong-il. Kim Il-song's younger brother Kim Yong-chu "lived in exile" for 18 years in North Hamgyong Province but was suddenly appointed to vice president in early December 1993. While serving as ambassador to Bulgaria, Kim Pyong-il was summoned in 1992. Since then his whereabouts had been vague. However, it was learned around early December 1993 that he was in good health and living in Pyongyang.

It is a widely known fact that Kim Chong-il and his half brother Kim Pyong-il do not get along well. According to a Mr. Kang who defected to the ROK from North Korea, Kim Chong-il injured his arm when Kim Pyong-il shot him with a gun. Mr. Kang said that he heard of such an incident when he visited Pyongyang in April 1990 from his uncle who works for a government agency. When Kim Pyong-il temporarily returned home while serving as ambassador to Bulgaria in early 1990, his mother Kim Song-ae said to him: "Kim Chong-il is treating me harshly by saying that I am his step-mother." When Kim Pyong-il heard this he got very angry and fired a shot at Kim Chong-il, but it only hit his arm.

The rise of Kim Yong-chu, Kim Song-ae, and Kim Pyong-il go hand-in-hand with the signs of change in Kim Chong-il's health. Since September 1993, when it was learned that Kim Chong-il suffered brain damage in the traffic accident, Kim Yong-chu who was alienated, advanced to the core of the power structure. Also for Kim Song-ae to appear at an official meeting was not a common matter. It was learned that after an interval in his activities since ending his position as ambassador to Bulgaria, it was tentatively decided that Kim Pyong-il will assume the position of ambassador to Finland.

An official of the NSP said: "Absolute power is bound to be concentrated in one person. The dispersion of power shows that there has been a change in Kim Chong-il's succession system. Also, it seems that lining up Kim Il-song's family to the core of the power structure is a measure to prepare for an 'unavoidable circumstance' within the family."

In connection with Kim Chong-il's position, it is noteworthy to see changes in North Korea's "Room No. 39." "Room No. 39." is a secretariat for Kim Chong-il. The agency concerned speculates that "Room No. 39," which used to be an office of the Finance Ministry under the party center (refers to Kim Chong-il), was disbanded recently and that it was merged into the Organization Department [chojikpu]. "Room No. 39" has been a channel for ROK business corporations' advance into North Korea. Therefore, they pay particular attention to changes in Kim Chong-il's position and the fate of "Room No. 39."

Via Japanese media, North Korea has recently released a photograph of Kim Il-song and Kim Chong-il with Mt. Paektu in the background. The photograph shows Kim Chong-il on top of Mt. Paektu in the winter wearing ordinary clothes. Why did North Korea suddenly release such a photograph?

A Chongwadae [presidential residence] official concerned says: "North-South relations will undergo momentous changes some time this year at the earliest, or next year at the latest." He also says: "Those changes will be made in a direction favorable to us."

Kim Chong-il Reportedly Reprimanded

SK1702102594 Seoul YONHAP in English 1017 GMT
17 Feb 94

[Text] Beijing, Feb. 17 (YONHAP)—Kim Chong-il, the son of and heir to Kim Il-song, has recently been rebuked by his father over Pyongyang's nuclear policy and has since been refraining from appearing in public scenes, a source here in Beijing said on Thursday.

The source well versed with North Korea's internal affairs said this is why he has been staying away from various recent public gatherings designed to mark his 52nd birthday on Feb. 16, one of major North Korean

national holidays. The junior Kim is known to have been managing day-to-day state affairs on behalf of his aging father for years.

"It has been learned that the senior Kim reprimanded his son for engineering Pyongyang's nuclear policy in a hardline direction, a policy which has made North Korea's position very difficult," the source said.

As Kim Il-song has lately been raising his voice in major policies and as nuclear talks with the United States were progressing, Kim Chong-il voluntarily chose to be on his good behavior, the source said. He was quick to add, however, that this does not mean that Kim Chong-il's position as the future ruler has been shaken. The junior Kim enjoys a broad power base built elaborately in the party, administration and military, the source said. Yet, he said, it is true that moderate people with Kim Il-song in the center, who advocate the resolution of the nuclear question through negotiations, are rising fast in North Korea today.

The source also showed skepticism over various rumors surrounding the junior Kim, saying none of such rumors could be verified. The rumors include an alleged brain damage he suffered in a traffic accident last autumn and his being in an awkward position over the uncovering of his misuse of a large amount of foreign exchanges.

Article Weighs Kim Chong-il Rumors

SK1702091194 Seoul CHUNGANG ILBO in Korean
17 Feb 94 p 5

[Article by Yu Yong-ku: "Kim Chong-il Has Not Appeared on His Birthday"]

[Text] Splendid celebrations marking Kim Chong-il's 52d birthday took place throughout North Korea on 16 February. The protagonist himself did not appear, thus arousing various observations.

Rumors have been continually disseminated on Kim Il-song's intensified personal involvement in administration and politics, on barriers of receipt of foreign currency (Office No. 39 in the party's financial and accounting department)—the source of money for Kim Chong-il, and on Kim Chong-il's accident groundlessly spread in Beijing—thus indicating stumbling blocks on the road of his succession to power.

The atmosphere in North Korea is quite the reverse. In an editorial carried in NODONG SINMUN—the party's organ—on 16 February, the North Korean Workers' Party emphasized "the single-hearted unity with Kim Chong-il as the center," thus flatly rejecting such rumors.

In addition, various events celebrating his birthday were held in North Korea and overseas. A banquet hosted by the party Central Committee was held on the evening of 15 February, a soiree by youth and students in Pyongyang and a soiree by the Ministry of People's Armed Forces was held, and receptions were also held.

In addition, awards and citations were given to economic and educational circles on the occasion of Kim Chong-il's birthday.

Meetings to resolve loyalty to Kim Chong-il were held by workers' organizations, including workers trade unions, agricultural workers' trade unions, and womens' leagues, as well as by youth and students. On 16 February, a national meeting of the juvenile corps was held in Pyongyang Gymnasium. The meeting urged the juvenile corps members to strengthen the "movement to learn from the youth of Kim Chong-il." North Korea's overseas missions also held events marking his birthday as usual.

However, Kim Chong-il himself did not attend any events marking his birthday. Thus, the people have doubts as to his personal condition. Experts in North Korean affairs, however, do not attach importance to his failure to appear. Kim Chong-il participated in his 50th birthday celebrations in 1992. He attended, with President Kim Il-song, the celebrations held in the Kumsusan Assembly Hall on the very date of his birthday. He also saw a mass game, "With the party forever," held in Pyongyang Gymnasium by youth and students in Pyongyang. All this seemed to have been prompted by the custom of treasuring every 10-year mark.

Kim Chong-il did not personally attend any birthday celebrations last year, either. His participation in a few political events, including the 8th Congress of the Socialist Working Youth of Korea held in February, encompassed all of his movements. In addition, there was no report on his activities during the month of February in 1991, not to mention his attendance in birthday celebrations.

Proceeding from this, we will be able to confirm the changes surrounding Kim Chong-il only after seeing if Kim Chong-il attends the meeting to mark the 30th anniversary of publication of the socialist rural thesis—a political event to be held soon—and the Supreme People's Assembly meeting, which is usually held in March or April.

DP Leader's News Conference Reported

SK1702074194 Seoul YONHAP in English 0644 GMT 17 Feb 94

[Text] Seoul, Feb. 17 (YONHAP)—The leader of South Korea's main opposition Democratic Party (DP), Yi Ki-taek, said Thursday he had heard that North Korean heir-apparent Kim Chong-il was seriously hurt from an informed foreign source. Kim has not been shown on television, even on his birthday, and has recently made no public appearances, Yi told reporters, adding that Kim's injuries were so bad that he may not be able to do his job properly even if he succeeds his father, President Kim Il-song.

"I don't know if Kim was hurt in a car accident or from a gunshot, but it doesn't look like a natural illness," Yi

said. He preferred that his source remain anonymous, except to say that he or she is a foreigner. DP insiders said Yi probably heard the news from a North Korea expert with whom he had communicated while trying to arrange a visit to North Korea.

The Japanese press has been reporting that the succession hopes of Kim Chong-il have suffered a severe blow, citing "the dear leader's" financial woes. Government officials dismissed the rumors about Kim.

"There have always been rumors about Kim Chong-il and rumors are just tales that are groundless," one official said, adding that Kim did not appear on television on his previous birthdays.

Government Dismisses Reports

OW1702111194 Tokyo KYODO in English 1041 GMT 17 Feb 94

[Excerpt] Seoul, Feb. 17 KYODO—South Korean Government authorities on Thursday [17 February] dismissed press reports that Kim Chong-il, son and heir apparent to North Korean President Kim Il-song, has been seriously injured.

Officials told KYODO NEWS SERVICE the South Korean Government has observed nothing unusual in North Korea, stressing that it is "quiet."

"If anything had happened to Kim Chong-il, changes in the daily schedule, including celebrations for his birthday (on Wednesday), should have appeared," the officials said in dismissing the reliability of the reports. [passage omitted covered by previously filed material]

Official: No Sign of Abnormality

SK1702131994 Seoul KBS-1 Television Network in Korean 1210 GMT 17 Feb 94

[Text] A relevant government official said that judging from an analysis of North Korean movements, including ongoing celebrations of Kim Chong-il's birthday, no signs of any abnormality in North Korea's Kim Chong-il have been detected, as reported in foreign news reports.

Meanwhile, on 17 February North Korean central broadcast reported that Kim Chong-il met with economic functionaries on 1 January and urged them to vigorously carry out this year's economic tasks. This belated report has attracted the people's attention.

Defense Authorities Discount Rumors

SK1702082194 Seoul YONHAP in English 0808 GMT 17 Feb 94

[Text] Seoul, Feb. 17 (YONHAP)—South Korean defense authorities said Thursday there were no grounds to support recent rumors about the son and heir-apparent of North Korean paramount leader Kim Il-song, Chong-il.

Rumors have run wild since Kim Chong-il failed to appear at any events marking his 52th birthday on Wednesday, with one saying his succession was being threatened by a cut-off of foreign fund channels and another claiming he was seriously injured in a mysterious accident.

"There are some foreign media speculating something bad has happened to Kim Chong-il after he made no public appearances on his birthday," a senior official at the Joint Chiefs of Staff headquarters said. "But we have found no signs of any problem related to Kim," he said.

He recalled that foreign media had engaged in similar speculation when Kim did not appear publicly for periods in the past, adding that defense officials were nevertheless keeping a close watch on North Korea and all affairs related to the younger Kim.

Meanwhile, Yi Ki-taek, chairman of the opposition Democratic Party, said he had been told of the rumors concerning Kim Chong-il by "a person in the U.S. Government" four days ago.

Speaking to local and foreign journalists who swarmed his office to query him about remarks made earlier in the day that Kim seemed to have been seriously injured, Yi apparently stepped back from the rumor, saying, "He is a reliable source but he said his information had yet to be confirmed independently."

U.S., DPRK Reportedly 'Near Agreement' on Talks

SK1702013994 Seoul YONHAP in English 0130 GMT 17 Feb 94

[Text] Seoul, Feb. 17 (YONHAP)—North Korea and the United States again met unofficially early Thursday (Korean time) in New York after meeting a day earlier, when Pyongyang reversed its past hard-line position on accepting international nuclear inspections, and are reportedly near agreement on scheduling the next round of high-level talks and other issues.

U.S. officials briefed South Korean Foreign Minister Han Sung-chu on the meeting upon his arrival in Washington earlier in the day after traveling to Canada and meeting with United Nations Secretary-General Butrus Butrus-Ghali in New York.

After coordination with South Korea, U.S. officials are to meet again with North Korean negotiators as soon as Friday, Seoul officials said.

In Thursday's meeting, the two sides reportedly discussed the schedule for an International Atomic Energy Agency (IAEA) inspection team to enter North Korea, resumption of inter-Korean contacts to discuss an exchange of envoys, announcement of the suspension of the South Korea-U.S. "Team Spirit" military drill, and the third round of high-level talks, while agreeing in principle to exchange a memorandum of understanding on a "small package deal" this week.

North Korean officials said an IAEA team may be able to initiate inspections early next week, adding they will propose a fourth round of working-level talks with South Korea to discuss an exchange of envoys. The talks have been stalled since last October. But the two differed somewhat on the timing of the Team Spirit suspension announcement and on future bilateral relations, Seoul officials said.

It is true there was some disagreement over setting exact dates, but the two would have no trouble reaching agreement within the week, a government official predicted.

Washington reported the results of the meeting to Foreign Minister Han and asked for Seoul's opinions on the non-agreed issues, he said.

U.S. Reportedly Asks DPRK To Resume N-S Talks

SK1702002994 Seoul YONHAP in English 0018 GMT 17 Feb 94

[Text] Washington, Feb. 16 (YONHAP)—The U.S. State Department has sent a letter to the North Korean Foreign Ministry urging Pyongyang to resume dialogue with South Korea as soon as possible, it was reported Wednesday.

The letter, addressed to Kang Sok-chu, first vice foreign minister, also called for a third round of high-level talks between the United States and North Korea, informed sources said. They said the letter was handed to Ho Chong, North Korean deputy ambassador to the United Nations, when the two countries had a working-level contact in New York Tuesday, shortly after North Korea said it would accept inspections by the International Atomic Energy Agency (IAEA).

No further details on the letter were immediately available, but other sources said it was written by Robert Gallucci, assistant secretary of state for political and military affairs. He asked Kang to prepare for the third round of U.S.-North Korean talks at an early date, they said.

Meanwhile, South Korea and the United States plan to announce suspension of the joint military exercise "Team Spirit," after a team of IAEA inspectors arrives in Pyongyang and North Korea resumes dialogue with South Korea.

At the same time, Washington will announce an exact timetable for the third round of high-level talks with Pyongyang, the sources said.

Diplomatic sources in Washington and New York said an IAEA inspection team will arrive in North Korea early next week at the latest to check all seven reported nuclear facilities while an inter-Korean contact will also be made. Therefore, chances are high that South Korea will announce suspension of the Team Spirit exercise next week, they said.

As for the third round of high-level U.S.-North Korean talks, they may be held in mid-march after the IAEA team completes its inspection and South and North Korea exchange special envoys. But the date for the U.S.-North Korean talks may be announced as soon as the IAEA inspection gets under way, they said.

The sources said everything will go smoothly once North Korea expresses its intention to resume dialogue with South Korea, indicating that problems related to inter-Korean talks are the crucial factor in resolving the North Korean nuclear issue.

DPRK Nuclear Arms Possession Reports Dismissed

SK1702004094 Seoul THE KOREA TIMES in English 17 Feb 94 p 2

[Text] The Foreign Ministry dismissed yesterday reports from Russia quoting a scholar as saying North Korea owns nuclear weapons and carried out secret tests, saying they turned out to be groundless.

A South Korean Embassy official in Moscow contacted Vladimir Kumachev, a senior researcher quoted in the press, and was told he was misquoted, Paek Nak-whan, director-general of European Affairs, said. Kumachev, with Russia's Institute of National Security and Strategic Research, was quoted as saying that North Korea has nuclear weapons "according to information we have received."

He was also quoted as saying Pyongyang carried out nuclear tests in African countries. A Russian official, asked to verify the reports, said he wasn't even aware of the existence of the named institute.

Kumachev told the South Korean Embassy official that he only said North Korea "could be" possessing nuclear arms as claimed by certain press reports and is trying to build up its weapons program, Paek said.

The Russian official assured Seoul that North Korea does not have the precision technique involved for a nuclear weapons program and does not have the launching capability, he said.

DPRK Reportedly To Replace UN Representative

SK1702034394 Seoul KBS-1 Radio Network in Korean 0305 GMT 17 Feb 94

[Text] It was learned that Ho Chong, deputy chief of the DPRK's UN mission, who was the contact for the North Korean side in U.S.-North Korea contacts, will be replaced around 24 February. A diplomatic source in New York confirmed this on 17 February, and said that Kim Chong-su, deputy chief of the UN mission will take his place. Since the measure to replace Deputy Chief Ho Chong came right after North Korea announced that it would accept full-scope nuclear inspection, it is being presumed that this is the first step in changes in North Korea's policy toward the United States.

IAEA Team Not To Inspect Reactor's Fuel Rods

SK1702044094 Seoul KBS-1 Radio Network in Korean 0400 GMT 17 Feb 94

[KYODO, YONHAP report from Vienna]

[Text] An International Atomic Energy Agency [IAEA] source revealed that the IAEA will not inspect fuel rods at the experimental atomic reactor during nuclear inspections in North Korea this weekend. This source explained that this is because the inspection of the fuel rods is only possible when fuel rods are changed. This source also added that the IAEA inspection team will only inspect the monitoring camera and the sealing of the atomic reactor.

Foreign Minister, UN Chief Discuss DPRK Issue

SK1702004594 Seoul YONHAP in English 0034 GMT 17 Feb 94

[Text] New York, Feb. 16 (YONHAP)—UN chief Butrus Butrus-Ghali voiced hope Wednesday that North Korea's acceptance of nuclear inspections would help to stabilize nuclear non-proliferation and the United Nations. Meeting South Korean Foreign Minister Han Sung-chu, Butrus-Ghali called North Korea's decision a breakthrough in the nuclear problem that was heading to a dangerous end. The decision, in the long run, will serve as an important impetus for inter-Korean relations, as well as maintenance of the Nuclear Non-proliferation Treaty and the United Nations, the secretary-general was quoted as saying.

North Korea and the International Atomic Energy Agency (IAEA) have just agreed on resumption of nuclear inspections last held in February 1993. The inspectors are to check whether North Korea has diverted any of its nuclear materials since then.

Foreign Minister Han called the development an incomplete solution, but nevertheless satisfactory and important progress that provides a breakthrough in the dispute.

South Korea will continue efforts to achieve stability in the region, Han told the secretary-general.

The foreign minister explained Seoul's decision to make an early withdrawal of its army unit from Somalia, while promising to take an active interest in future UN peace-keeping operations there.

Seoul has announced it is pulling out its army engineering unit three months ahead of schedule as most western nations are withdrawing.

Foreign Minister on Nuclear Issue, Dellums Visit

SK1702010394 Seoul THE KOREA TIMES in English 17 Feb 94 p 2

[By THE KOREA TIMES correspondent Chong Pyong-chin]

[Text] OTTAWA—Foreign Minister Han Sung-chu said here Tuesday that he will tune policies with U.S. officials on the North Korean nuclear problem in Washington again after seeing the schedule for inspections by an IAEA team.

"I hope that the inspection will go smoothly as agreed upon by the IAEA and North Korea," Han said, welcoming North Korea's decision to open the facilities to the IAEA inspection.

Following are questions and answers from a press conference at Westin Hotel here.

Q: What do you think about reports that North Korea accepted a fullscope inspection of its nuclear facilities?

A: North Korea representatives in Vienna informed the IAEA just a few hours ago that the North will accept the IAEA's inspection to maintain continuity of safeguards at seven declared nuclear sites. We welcome this and hope that the inspection will be carried out as agreed on by the IAEA and North Korea.

Q: When do you think the inspection will begin?

A: I don't know the exact date. But I believe that an inspection team will enter Pyongyang in a week.

Q: When do you expect Rep. Ronald Dellums, chairman of the House Armed Services Committee, to visit Pyongyang?

A: The Department of State had not reached a final decision on when he would visit Pyongyang due to the expectation that North Korea and the IAEA would make progress at inspection talks. Even now, I believe there is no finalized schedule. Chairman Dellums himself has his own plan. I believe that he will be able to visit Pyongyang in a few days if his visit to North Korea is not likely to hinder the nuclear negotiations.

Q: Will high-level North Korea-U.S. contacts resume soon in New York?

A: I believe that a North Korea-U.S. contact had been sought before the negotiations made progress in Vienna. North Korea proposed resumption of a high working-level contact in New York. U.S. Assistant Secretary of State Thomas Hubbard and Ho Chong, North Korean deputy representative to the United Nations, are scheduled to meet at five Tuesday afternoon in New York. The contact will take place as there is no reason to cancel it now that progress has been made in Vienna.

Q: What do you think about reports that North Korea proposed to the United States a contact in New York last weekend?

A: I think it's better not to mention it now that progress has been made on the IAEA's inspection of North Korean nuclear sites.

Q: What will you talk about in your second meeting with U.S. officials in Washington Feb. 17? (Han is scheduled

to reenter Washington Thursday via New York, where he will meet with United Nations Secretary General Butrus Butrus-Ghali Wednesday.)

A: First of all, I will look at the itinerary of the IAEA inspection team. But nothing has been decided on whom I will meet. The schedule will be fixed when I go there.

Han on DPRK Issue, Patriots, U.S.

SK1702055994 Seoul YONHAP in English 0540 GMT
17 Feb 94

[Text] New York, Feb. 16 (YONHAP)—South Korean Foreign Minister Han Sung-chu said Wednesday that imposing sanctions against North Korea was not desirable even if it had transferred nuclear matter for the manufacture of nuclear weapons.

Arriving here after completing a visit to Canada, Han said, "Since our purpose related to the North Korean nuclear problem is to see to it that North Korea does not develop or own a nuclear weapon, even if it had diverted nuclear matter it is not desirable to impose sanctions unconditionally on Pyongyang for its past behavior. Instead, we should receive a guarantee from North Korea that it will not divert nuclear matter any more and make Pyongyang dismantle its nuclear weapons if it has already made one or more."

Han expected that it would take at least four to five more years for North Korea to reach the point where it can actually use nuclear weapons even if it makes them without any outside checks.

"We need to adopt a prudent attitude in taking measures risking a war in case North Korea turned out to have already used nuclear matter (for making weapons)," he said.

Concerning North Korea's acceptance of nuclear inspections, he judged that the dispute has passed one critical point, but that many more critical points must be surmounted in the future.

"As far as I know, the IAEA's [International Atomic Energy Agency] inspection team will be sent to North Korea early next week," he added. He predicted that Pyongyang would agree to resuming inter-Korean dialogue.

"Of course, it is up to North Korea. But since it wants to hold a third round of high-level talks with the United States, I think it will agree to resumption of inter-Korean dialogue," he said.

He added that deployment of Patriot missiles in South Korea would be decided according to strategic and tactical military needs, apart from the North Korean nuclear problem.

The U.S. Congress and press have often taken a hard line against North Korea, but the Clinton administration's policies can be judged to have maintained consistency, according to Han.

"The recent controversy over sanctions in the United States is only part of the picture as far as consistency. The South Korean and U.S. Governments share the recognition that they should try to solve the nuclear problem through dialogue as long as the continuity of nuclear safeguards is maintained."

But if North Korea refuses to accept special inspections by the IAEA and the third round of U.S.-North Korean high-level talks is not held, the process that was employed last year will not be followed, he said.

"Then it is quite possible that a resolution seeking sanctions against North Korea would be passed at the United Nations Security Council," he said.

Meanwhile, a scheduled visit to Pyongyang by Rep. Ronald Dellums, chairman of the House Armed Services Committee, was canceled because North Korea agreed to inspections by the IAEA, Han said.

Senior Secretary Interviewed on Nuclear Issue

SK1702103594 Seoul SEOUL SINMUN in Korean
17 Feb 94 p 5

[Interview with Chong Chong-uk, senior secretary for Foreign and National Security Affairs of the Presidential Secretariat, by unidentified presidential office reporters at Chongwadae on 16 February]

[Text] [Reporter] What is the content and scope of the facilities to which North Korea has decided to accept International Atomic Energy Agency [IAEA] inspection? [Chong Chong-uk] Apart from the five facilities, including the eight megawatt-class atomic reactor; critical reactor [imgyero]; semi-critical reactor [chunimgyero]; the plant producing nuclear fuel rods; and the storehouse for nuclear fuel rods that have received regular [chonggi] inspection; and two other facilities, including the five megawatt atomic reactor and the radio-chemistry laboratory, which have aroused doubts concerning it being a nuclear reprocessing facility by Western countries, are to be inspected. In particular, an agreement for supplementing inspection of each facility will be concluded for the two facilities that did not receive regular inspection.

[Reporter] How do you assess the North's acceptance of the nuclear inspection?

[Chong] It is fortunate that North Korea made such a decision. If an agreement for inspection had not been reached, North Korea's nuclear issue would have been handed over to the UN Security Council. Also, regardless of our side's position to continue dialogue, the situation would have moved toward sanctions against North Korea. It is fortunate that the possibility of handing over North Korea's nuclear issue to the UN Security Council has been eliminated. However, this does not mean that nuclear transparency will be guaranteed through the upcoming inspection.

[Reporter] What are the remaining problems?

[Chong] Working-level contacts for the exchange of special envoys will take place with the inspection team's visit to the North. Through the inspections, the continuity of safeguards that the facilities had not been transformed for military use should be proven and working-level contacts should successfully develop so meaningful dialogue can be exchanged. After that, the rest of the problems, including the guarantee of transparency of undeclared facilities, will be discussed at the third round of the U.S.-North Korea talks.

[Reporter] Do you think the acceptance of inspection constitutes a great sea change in North Korea's external policy?

[Chong] I think it is neither a great sea change nor a minor change. There are still many problems and obstacles that we have to overcome. Nevertheless, I think a meaningful breakthrough has been made for the resolution of the nuclear issue. We have avoided the stage of sanctions and the special envoy exchange between South and North Korea is now possible. The scope of dialogue is wide open.

[Reporter] What do you think North Korea has gained by accepting inspection?

[Chong] It has avoided being referred to the UN Security Council. I think the policy was adjusted on the occasion of Kim Chong-il's birthday. (On this point, other Chongwadae authorities feel it is because North Korea could not explain to its people that international sanctions were imposed on Kim Il-song, the hero of the chuche idea, of which North Korea was most afraid).

[Reporter] What will happen to the Team Spirit exercise?

[Chong] The question of its suspension will be decided in connection with the IAEA nuclear inspection and the discussion between South and North Korea regarding the exchange of special envoys. The timing of the announcement could be somehow different.

[Reporter] What is the president's opinion?

[Chong] The talks between the IAEA and North Korea began at 6 pm in Vienna on 15 February. More than one round of talks were held. The president received continuous reports in the evening and early morning. The president has thoroughly and concretely taken care of the nuclear issue.

[Reporter] Did Foreign Minister Han Sung-chu's activities during his U.S. visit help the resolution of the issue?

[Chong] It was very timely. Judging that the rumor of the emergency situation on the Korean peninsula was agitating North Korea, the president had the foreign minister visit the United States on 9 February, earlier than the 13 February original schedule. Minister Han's persuasion of U.S. journalists and coordination of positions with high-ranking policymakers was very helpful.

[Reporter] Kim Il-song reportedly proposed a meeting with President Clinton through Reverend Billy Graham, who recently visited the North.

[Chong] We are well aware of the contents through close consultation with the United States. The reports are not exactly true. I cannot reveal further.

[Reporter] What do you think of the visit to North Korea by Representative Ronald Dellums, chairman of the U.S. House Armed Services Committee?

[Chong] He received the invitation from North Korea last year. He may convey a verbal message from President Clinton, but there will be no personal letter as far as I know. He is not a government official so he will not negotiate, but will convey the existing U.S. position.

[Reporter] Were there any signs that North Korea would accept nuclear inspections?

[Chong] The remarks by a spokesman of North Korean Foreign Ministry last week said the nuclear issue would be resolved through dialogue. From that point we could interpret that the previous stance on inspections would be changed. In addition, there had been indirect communication between the United States and North Korea, and the IAEA and North Korea, although I cannot give further details.

U.S. Policy on North Korea, Asia Analyzed

SK1702032194 Seoul YONHAP in English 0303 GMT
17 Feb 94

[By So Chae-kyu]

[Text] Washington, Feb. 16 (YONHAP)—Most "Korea watchers" here, noting the latest developments in the North Korean nuclear dispute, say it should not be viewed simply as a tug-of-war between Washington and Pyongyang but as part of an overall U.S. strategy for the Asia-Pacific region. In other words, those laboring under the impression that the United States is being intimidated by North Korea are making the mistake of looking at the trees but not the forest, they say. They also argue that it is wrong to assume that President Bill Clinton's administration is unable to forge a consistent policy on North Korea as it is busy looking over its shoulder at the hawks in the Defense Ministry and the Central Intelligence Agency. The White House may even be trying to give that appearance, they say.

In a nutshell, the White House is attempting to maintain and protect its controlling position not only on the Korean peninsula but also in the whole of Asia by playing "the North Korea card" to the fullest, they say.

One has to keep in mind, they advise, that the North Korean nuclear issue has been dragged out since Washington's interest in the region and Pyongyang's urgent need for improved relations with America have meshed nicely. Of course, unexpected events and the interests of China and Japan tended to complicate the issue, but in the end, the compromise worked out by Washington and Pyongyang appears to have gone as planned by both sides. Banking on its anxiety, South Korea could have

been made to play the game, probably unwittingly, by the White House, some analysts say.

Certain diplomatic sources in Washington question how accurately the South Korean Government has been "reading the minds" of President Clinton and his staff at the White House. As one example of Seoul's inability to divine the White House's intentions, the sources cite the aborted visit to North Korea by Rep. Ronald Dellums.

Even after Dellums' scheduled trip to Pyongyang was announced, South Korean Foreign Ministry officials were said to be skeptical of the visit ever coming off. They reportedly wondered: Would it be necessary when North Korea had already accepted outside inspection of its nuclear facilities?

Some South Korean officials were even said to be betting on Dellums' visit being cancelled, which has indeed happened. In any event, it wasn't for nothing that North Korea singled out Dellums, chairman of the House Armed Services Committee and "an influential dove" in the U.S. Congress, and invited him to visit Pyongyang at this crucial juncture, they say. The White House says Dellums' planned visit had nothing to do with the U.S. Government, but no one in Washington would take this statement seriously, the analysts say.

One American Korea watcher said North Korea has "earned" a one-year lease on life by agreeing to allow the International Atomic Energy Agency (IAEA) to inspect its facilities. It is thus time for South Korea to be really alert and pursue policy bearing its own interests in mind, they say.

Government Plans To Suspend Team Spirit Exercise

SK1702074694 Seoul YONHAP in English 0724 GMT
17 Feb 94

[Text] Seoul, Feb. 17 (YONHAP)—The government will announce a conditional suspension of this year's "Team Spirit" military exercise with the United States next week when an outside nuclear inspection team arrives in North Korea, while seeking to resume low-level dialogue with Pyongyang on an exchange of special envoys, officials said Thursday.

At the same time, North Korea and the United States will announce plans for a third round of high-level talks on improving bilateral relations.

The government's announcement on Team Spirit will state that the joint South Korea-U.S. field maneuvers would be suspended if the International Atomic Energy Agency's [IAEA] inspections of North Korean nuclear sites and the working-level inter-Korean dialogue proceeded smoothly, according to the officials.

These were among the topics discussed Thursday at two meetings of unification-related ministers on inter-Korean relations after Pyongyang's decision Wednesday to permit IAEA inspections. One meeting was presided

over by Unification Minister Yi Yong-tok and the other by Prime Minister Yi Hoe-chang.

The U.S. announcement on plans for a third round of high-level talks with North Korea will contain the same conditions as those in the South Korean statement on Team Spirit's suspension, the officials said.

The government will seek to exchange special envoys with North Korea next month, with an eye to solving the North Korean nuclear issue initially and then to implementing the basic North-South agreement and arranging reunions for separated families. But the government will prepare for the possibility that North Korea might hinder the IAEA inspections or stall on resuming inter-Korean dialogue to buy time for its nuclear arms program, the officials said.

Seoul and Washington both maintain that an exchange of special envoys between North and South Korea must take place before the next high-level North Korea-U.S. talks, they added. There will be no other form of inter-Korean contact but the exchange of special envoys, an official said.

Another official said, however, it was unlikely that the initial exchange of visits by the two Koreas' special envoys would precede the high-level North Korea-U.S. talks, adding that a visit by one side to the other could meet the condition for resuming high-level discussions between Washington and Pyongyang.

Team Spirit Seen as 'Final Bargaining Chip'

*SK1702073894 Seoul TONG-A ILBO in Korean
17 Feb 94 p 2*

[By Ha Chun-u: "The MND's (Ministry of National Defense) Reaction to North Korea's Acceptance of Nuclear Inspections"]

[Text] With North Korea's acceptance of nuclear inspections by the International Atomic Energy Agency [IAEA], attention is now focused on whether the ROK and U.S. Governments will suspend the Team Spirit exercise since North Korea has demanded the suspension of the Team Spirit exercise as a precondition for the settlement of the nuclear matter.

Regarding this, the ROK Defense Ministry, the department in charge of the exercise, is taking a prudent attitude.

The Team Spirit exercise is a large-scale military mobile exercise that has been staged every year since 1976 and has played a major role in weakening North Korea's will for war. Ever since the United States won the Gulf war by mobilizing ultramodern weapons, North Korea bears in mind that the odds are in favor of the United States in case a war breaks out on the Korean peninsula. Furthermore, North Korea, terming the Team Spirit exercise as a war exercise for northward invasion, is learned to have been greatly menaced by the exercise, and assumed emergency alert posture while the annual exercise was conducted.

Such being the case, the MND maintains that the question on calling off the exercise is certain to be an effective bargaining chip for resolution of the nuclear issue.

The MND assumes a stance that North Korea's acceptance of nuclear inspection cannot be seen as the resolution of the nuclear issue but, at best, a return to the situation before it announced its withdrawal from the Nuclear Nonproliferation Treaty. Its reason is that there are other problems that need to be solved, including the inspection of undeclared sites, to prove its nonpossession of nuclear weapons. In a nutshell, the MND thinks the time is not ripe to discuss the issue at the present stage.

The MND sees that the suspension of this year's Team Spirit can only be discussed when IAEA inspections are actually carried out in North Korea and the exchange of North-South special envoys gets good results.

Only when these demands are met, the MND maintains, should there be the ROK-U.S. joint announcement on the suspension of the Team Spirit exercise, along with the agenda for the third round of North Korea-U.S. talks.

The MND has also made clear that an expression of the will to suspend the exercise does not correspond to the suspension of the exercise. This means that it will announce the skipping of this year's exercise only when tangible achievements are seen in IAEA nuclear inspections and the exchange of special envoys.

Judging that IAEA inspection will take at least two weeks. The MND notes that if North Korea shows a sincerity in negotiations for North-South mutual nuclear inspections and the third round of high-level talks with the United States during this period, it may announce the suspension of this year's exercise.

Before the final decision is made, chances are high that its intention to call off Team Spirit may be expressed through a government-level channel toward the end of February or early March, however, this is eligible to change during the negotiating process with the North.

Taking into account that North Korea has employed a foot-dragging tactic in negotiating inspection-related issues until now, the MND predicts that North Korea is much likely to express its intention to receive nuclear inspections before the IAEA Board of Governors' Meeting slated for 21 February for the moment and then delay inspections of undeclared sites to the extent that Team Spirit cannot be conducted. This is what the MND is concerned about.

In this perspective, the MND position is that the question on whether to cancel the exercise or not is effective in resolving the North Korean nuclear issue and that it should be used as a final bargaining chip to the maximum until North Korea clears its attitude.

It was learned that the MND is discussing with the United States whether or not the ROK may make the final decision on suspending or conducting the Team Spirit exercise, at least this year, instead of sharing the decision with the United States.

Measures To Follow DPRK-IAEA Agreement Discussed

SK1702024294 Seoul YONHAP in English 0211 GMT
17 Feb 94

[Text] Seoul, Feb. 17 (YONHAP)—South Korea and the United States plan to announce the dates of the next North Korea-U.S. high-level talks and suspension of the joint military exercise "Team Spirit" as early as next week, a Foreign Ministry official said Thursday. The announcement will be made around the time an International Atomic Energy Agency (IAEA) inspection team arrives in North Korea, according to the official. But the announcement will carry conditions—that North Korea allow unrestricted IAEA inspections as agreed this week, and that Seoul and Pyongyang reopen dialogue, he said.

Unification-related ministers met Thursday morning and discussed necessary action following the North Korea-IAEA agreement on nuclear inspections.

Pyongyang is demanding that Seoul and Washington suspend Team Spirit and schedule the next North Korea-U.S. high-level talks simultaneously with the arrival of the IAEA inspection team, the ministry official said. This would constitute the "small package deal" between Pyongyang and Washington.

North Korea has yet to notify the IAEA of the entry date and schedule for the inspection team, but Seoul expects the IAEA delegation to arrive in Pyongyang late this week and begin work next week. Inter-Korean dialogue is likely to resume next week as well, the official predicted. The resumption would be in the form of previous working-level contacts for the exchange of presidential envoys. He said the announcement on Team Spirit and North Korea-U.S. high-level talks would come around that time.

"But it will be a conditional announcement," said the official. North Korea would have to meet the necessary prerequisites in order for the high-level contact to take place and for Team Spirit to be canceled. Speculation has it that the date of the high-level contact would be sometime in mid-March, since the IAEA inspection team needs two to three weeks in North Korea and another few weeks to file a report.

Ministry Expects N-S Trade To Revitalize 'Soon'

SK1702014594 Seoul YONHAP in English 0119 GMT
17 Feb 94

[Text] Seoul, Feb. 17 (YONHAP)—Inter-Korean economic cooperation is expected to become revitalized soon due to Pyongyang's acceptance of inspections by the International Atomic Energy Agency (IAEA), the Trade, Industry and Energy Ministry said Thursday.

The ministry plans to change the current indirect trade with the North to direct trade as well as encourage South Korean enterprises to invest in North Korea if the nuclear problem is cleared up. An official at the ministry said, however, that economic cooperation will have to

start with projects which need little capital, low-level technology and a short start-up period because of the difficulty in predicting North Korean policy.

Even though the nuclear problem is nearing resolution, follow-up measures to improve inter-Korean relations including exchanges of special envoys will not necessarily be taken by North Korea, according to the official. The ministry thus plans to sell light industry goods first, which can contribute to an improvement of living conditions among North Koreans.

In the event that full-fledged investment in North Korea was realized, initial projects would focus on joint production of light industry goods including footwear, shirts and blouses, on which Daewoo Group Chairman Kim U-chung reached agreement when he visited Pyongyang in 1991.

Kim agreed to undertake construction of plants to manufacture nine items, including a knitting mill capable of producing up to 2.4 million knitted goods a year.

A ministry official said, "The most difficult project to push ahead with is development of Kumkang Mountain, which Hyundai's Honorary Chairman Chong Chu-yong agreed to push during his visit to North Korea, because it requires much capital and a long time to complete."

Meanwhile, if the government allows businessmen to travel to North Korea, many are expected to visit for discussions on direct trade and investment. More than 40 businesses have already received invitations from North Korea or submitted applications for visits to the National Unification Board (NUB).

Government 'Pushing' To Strengthen PRC Ties

SK1702094894 Seoul YONHAP in English 0736 GMT
17 Feb 94

[Text] Seoul, Feb. 17 (YONHAP)—The government is pushing to conclude an industrial cooperation agreement with China in a bid to strengthen economic links when President Kim Yong-sam visits Beijing in March, Trade, Industry and Energy Ministry officials said on Thursday. The government is also forging comprehensive measures for economic advancement into China, including expansion of trade, promotion of investment and strengthening of industrial cooperation.

During the president's visit, the first joint committee for industrial cooperation will meet to discuss the fundamental principles of industrial cooperation and ways to push ahead with priority cooperation projects, according to the Ministry.

The top projects will include automobiles, airplanes, time division exchange (TDX), a type of electronic telephone exchange, and technology market plans, Ministry officials said.

The government will also increase financial support for the deferred payment export fund of the Export-Import Bank of

Korea, designed to aid export businesses here, and ease conditions of such support to expand bilateral trade with China.

Within this year, the Ministry will designate the types of industries which can benefit from the government's financial and administrative support when they invest in China, officials said.

The Ministry is also studying establishment of trade offices in the Chinese cities of Dalian and Chongqing in addition to the current offices in Beijing and Shanghai, as well as prudent management of the adjustment tariff and anti-dumping tariff systems to remove possible sources of trade friction.

South Korea's exports to China increased 165 percent in 1992 and 90 percent last year, and China has become an important trade partner.

China is now attracting the most South Korean investment, recording 1 billion U.S. dollars as of last year's end, officials said.

Opinion Poll on Kim Yong-sam Government Noted
SK1602140594 Seoul YONHAP in English 1256 GMT
16 Feb 94

[Text] Seoul, Feb. 16 (YONHAP)—Youthful South Korean office workers give 61 marks out of 100 to the Kim Yong-sam government, a recent opinion survey showed on Wednesday. A poll taken by the Kwangjang Communications Co. indicated that 48.6 percent of the pollees gave the stabilization of real estate prices as the most important task facing the country.

Those who said the eradication of corruption and irregularities are the most urgent accounted for 31.8 percent of the total while 29.7 percent gave economic development as the most exigent task.

The opinion survey, made in a contract awarded by the Citizens Coalition for Economic Justice, was conducted toward 721 office workers in the age group of twenties and thirties in Jan. 18-26.

Most of the questioned, 81.8 percent, complained of a high tax rate, saying that compared with others, their earned income tax rates were too high.

The average optimum wage hike suggested by the pollees for this year was 14.2 percent. As for reason for the increase, 91.5 percent cited price spiral and 4.3 percent productivity increase.

Asked to give the politicians on whom they pin highest expectations this year, 31.8 percent named Pak Chan-chong, head of the New Political Reform Party: 15.7 percent President Kim Yong-sam: 12.6 percent Yi

Pu-yong, a sumpre member of the Democratic Party: and 7.8 percent Prime Minister Yi Hoe-chang.

Officials To Undergo Training in Private Sector
SK1702041594 Seoul YONHAP in English 0152 GMT
17 Feb 94

[Text] Seoul, Feb. 17 (YONHAP)—Chongwadae, the presidential office, will send officials at grade three and above to private companies so that they can learn about advanced business management expertise and conditions in the private sector, a Chongwadae official said on Thursday. The move is to be taken on President Kim Yong-sam's instruction that public servants learn management expertise from the business circles in light of the need to increase the nation's competitiveness, the official said.

Five teams of officials are being sent to the training centers of such companies as Samsung, Kolon and Lucky-Goldstar. The first eight-member team attended the Samsung Training Center in Yongin, Kyonggi Province, on Feb. 14-16. They listened to lectures on business survival strategies, new administrative skill, and ways to increase competitiveness in the world market along with other participants from private companies and government bodies.

"The lectures' contents seemed somewhat unfamiliar, but they were still helpful," an official said.

DLP Chairman Delivers Party's Policy Speech
SK1702042694 Seoul YONHAP in English 0217 GMT
17 Feb 94

[Text] Seoul, Feb. 17 (YONHAP)—Chairman Kim Chong-pil of the ruling Democratic Liberal Party on Thursday called for political reforms and administrative district revisions, saying, "This is the time for our politics to seek its proper role in the 21st century, sloughing off the practice of sticking to the past."

Politicians must restore public trust by conducting "moral and salutary politics and productive, efficient and high value-added politics," he said in a policy speech at the National Assembly plenary meeting.

Kim stressed the need for both the ruling and opposition parties to produce "a mature image of parliament" through policy confrontation at all of their meetings.

For reform of the electoral system, the election law amendments which are being reviewed by the two parties must be passed by parliament during its current session, he said.

This year, the ruling party will pursue a plan to revise administrative districts for improved administrative services to the people and successful local autonomy.

He said the ruling party would develop a new social welfare model suitable to the realities of the country and work to prepare a basic social security law based on this model.

Burma

Forestry Minister Discusses Policies, Prospects

BK1502164594 Bangkok THE NATION in English
15 Feb 94 p A6

[First part of two-part interview with Forestry Minister Lieutenant General Chit Swe by Yindi Loetcharoenchok in Rangoon; date not given]

[Text] What is the new Burmese forestry policy?

[Chit Swe] We are revising our national forest policy. Our present policy is an old one, based on the Indian national forest law. The Indian authorities have already revised it five times. We have never revised ours that is why we are doing it now. Anyhow, we have enacted a new forest law on November 30, 1993. Our old one has been in use since 1902.

We are now trying to reduce state enterprise business, and to encourage the private sector to engage more in forestry business. Also instead of just selling, we are going into more value-added downstream industries. For those who want to carry out forestry-related business, they now have a choice of a 100 per cent investment or a 50-50 per cent joint venture. Now we mostly welcome value-added business. We have got a lot of good and bad experiences in the last 4-5 years. For those, who want sawn timber and finished goods, there are plenty of opportunities. There is no problem.

So it means that after 31 December 1993, no more logging concessions have been granted to foreign companies?

[Chit Swe] Yes.

What kind of value added industries are you promoting?

[Chit Swe] There are many kinds of timber businesses. Some factories have to start from veneer or plywood and some go straight to finished goods such as furniture or handicraft. If it is the furniture business, it is very easy to submit a project proposal to the Foreign Investment Commission, and within months or weeks we can make a decision.

If they want a factory with a 100-hoppus tons a year capacity, a very big amount or big volume by international standards, then it is not easy for us. But if they want a medium sized factory of 30-40,000 hoppus tons a year, I think we can supply our raw material by tenders. In our country, to travel from the North to the South is a long journey. Most of our logs are in the upper of Myanmar [Burma], so to take them from upcountry to Yangon [Rangoon], sometimes takes years. Our climate is a little different from that of Indonesia and Malaysia. For them, they can extract logs all year round, but we get the rainy season for nearly six months and we lack harvesting equipment and our transport is also very poor. Sometimes you have to wait to harvest after November because in October there can be swamp-like conditions and it is not easy to put skidders inside.

You have a number of saw mills, plywood and furniture factories. How are they being operated—by your Government or by the private sector?

[Chit Swe] We have got some saw mills owned by our Myanmar Timber Enterprise. Some are in good condition, but some are in a bad state. If somebody wants to hire or enter into a joint venture with the saw mills, we have got more than 80 of them. Also if they want to enter into a joint venture with our timber enterprise we can supply them with raw material.

We have got five plywood factories and only two foreign companies, one is Daewoo of South Korea and the other SEA Lumber Company of Malaysia. Both are doing joint venture businesses. So there are three left and many companies are proposing to enter into joint ventures with them. Anyhow there is no commitment as yet. We are still negotiating.

What is the investment percentage of the joint ventures by Daewoo and SEA with your Government?

[Chit Swe] Our side is 45 per cent, and their side is also of the same percentage. But then, they also bring in another 10 per cent from other company. It means there are two companies from their side. So Daewoo is 45, our side is also 45 and 10 is from another third partner. It is the same with SEA Lumber. The third partners are mostly investors or financiers.

What about those 80 sawmills?

[Chit Swe] Some saw mills are a little far away from the forest, so it is not easy to enter into a joint venture with other companies. We are also in short supply of harvesting equipment. We need money to buy machines, so instead of buying and selling our raw material, foreign investors can bring in their extraction equipment, and we will supply them with raw material. This means we can both together produce sawn timber for export to other countries. This is a joint venture.

What about furniture factories?

[Chit Swe] We have got three. For these three furniture factories, some countries from the West, some from Singapore and some from other countries have put up proposals. I think we have already agreed with one company from Singapore, that is Lambir Company.

Do foreign investors have to bid in running these factories, or do they each have to submit a proposal which is then considered individually?

[Chit Swe] Yes, one by one.

Apart from this downstream value-added industry, are you still selling logs?

[Chit Swe] Yes, we still got some commitments that will last for another 2-3 years, but we are reducing and phasing out these activities.

Who are your main buyers?

[Chit Swe] Our timber enterprise earns a total of about US\$200 million a year from logs and the valued added industry. This is an average income. We want to sell more but we have to adhere to the annual allowable cut. For teak it is only 350,000 hoppus tons (630,000 cubic metres) a year, and 1.3 million hoppus tons (2.34 million cubic metres) for hardwoods and other species. We cannot cut more than these amounts.

Forestry is the second most important industry after agriculture. Among the ministries we are the number one foreign exchange earner, but it is not easy now because other sectors are competing such as fisheries and manufacturing.

You are now facing increasing problems related to smuggling and illegal cutting of trees. How are you going to deal or resolve these problems? Are you going to enact a new law or amend existing ones?

[Chit Swe] If there is a will, there is a way. Smuggling in our country is very small when compared with other countries, such as Malaysia and Indonesia. I think in Malaysia, the imprisonment term is up to 20 years, but in our country it is only seven years.

What was the percentage of your forest cover before and after you gave out logging concessions to Thai companies?

[Chit Swe] There was less than 50 per cent forest cover before the concessions. Now it is nearly that figure. According to the FAO statistics, Myanmar forest cover area in 1969-1971 was 32.2 million hectares and in 1989 was 32.4 million hectares. There is some expert opinion that by the year 2000, every country should have a forest cover area of up to 30 per cent. Most countries have less than 20 per cent, but ours is no problem because we have got about 50 per cent of forest left.

Part Two of Interview

BK1602042294 Bangkok THE NATION in English 16 Feb 94 p A4

[Second and final part of interview with Forestry Minister Lieutenant General Chit Swe by Yindi Loetcha-aroenchok in Rangoon; date not given]

[Text] How could you continue to have nearly 50 per cent forestry cover when you gave out many logging concessions to Thai companies since late 1988 and only ended them late last year. The figure you gave does not seem to correspond to reality taking into account of the vast amount or volume of wood that have been extracted from those concessioned areas?

[Chit Swe] The whole forest cover area involved in the border concessions is only 2.6 per cent of our total forest area and besides, these forest have been more or less untouched in the past. We gave concessions of 200,000 hoppus tons only. We gave some concessions for four to five years to Thai companies. Up to now a little more than 150,000 hoppus tons a year were extracted during the peak years. When we started the concession, the

average extraction was 150,000 hoppus tons a year along the whole stretch of the border. However since 1992 it was taken off, because all the concessions started to expire and we did not renew them.

Now I have to see Thai friends everyday, at least one or two. They have got heavy commitments with foreign companies to get the raw material in time. It is very important for them.

Now that these logging concessions are gone, what are you going to do?

[Chit Swe] I have never said that logging concessions have gone. In concessioned areas we can do something for mutual benefit. We can harvest from those areas with our local people, but foreigners are not allowed to get concessions.

That is why some people are asking if insurgents coming out to legal fold, would they be entitled to the concessions. For this, we need time to consider.

For the Burman it is not easy for them to stay in that area, only the nationalities (ethnic minorities) stay there. To enter into the forestry related businesses, all interested local parties would have to deal with the central government or enter into joint ventures with foreign partners. If the area is 100 per cent secure and our forest people can go in to check every tree, then we can consider which kind of business is suitable for that area. We have to consider that on a case by case basis.

So it means that even though foreign logging concessions have gone, the local people still have the chance to obtain them?

[Chit Swe] Yes. However, it is not easy to export logs to other countries. Preference is given to value-added industries. I cannot for certain say what kind of business is good. But in general there is plenty of raw material there and one can enter into whatever forestry-related business. In some areas we can set up pulp and paper factories. Because of certain tree species, some areas are good for veneer and plywood industries.

Now that all logging concessions to Thai companies have gone, would you please say what experiences and problems you have learned from giving out timber concessions to Thai companies?

[Chit Swe] Before I gave out concessions, my knowledge about forestry was like that of a primary student. Now after five years experience, I can say I have a PhD. We used to receive messages sent to us everyday from local commanders saying they seized 3,000 (illegally felled) logs here or 2,000 trees there, and some pointed to me saying: "Since you are the Forestry Minister, you are responsible for it. But I said it came under the jurisdiction of the police and hence not under my office." In Burmese we have a saying: "If you make it easier even for a very rich man, he still becomes a thief." It is not easy to conduct checks because we are far away from the forested areas. Because of this even a rich man can

become a poacher. That is why in some areas we give concessions to them and at the same time put up border checkpoints. Anyhow they still take logs from some other areas. So in many areas there are many problems.

So the main problems you face stem from illegal cuttings?

[Chit Swe] Yes.

Even by concession companies?

[Chit Swe] Some companies are very good. They do their job systematically. But others however they have sub-contracts and the sub-contractors further sub-contract them. There are no checkpoints, no border police and no forest guards.

Roughly how many companies received your concessions and how many are good companies?

[Chit Swe] Only one third of the companies behave well. We gave out about 42 concessions to 34 companies. Mostly of them were not original timber business people and that is the root cause of the problems. Of those, who tried to get concessions, I think only 10 per cent were real timber men. More than 90 per cent were not.

What are the real reasons for you to stop border logging concessions? Is it because of illegal logging or are you environmentally conscious?

[Chit Swe] When we decided, it is not because of illegal logging. It is secondary. The first is because of the watershed. Our watershed is your watershed. For instance, the Tenasserim Mountain is a large range and is also the watershed of Thailand. There are also some other very high mountains in the Tenasserim Division. From our side it is not easy to extract logs because of the high mountains. So if logs are cut on our side there will be drought and flooding in your country too. Also, people from developed countries are putting pressure.

Up to now there are no big problems with the environmental people, but anyhow we must be very careful, because if the population become bigger, forest cover will become lesser and lesser.

The logging concessions are not only on the border areas but also deeper inside the country too. Our concern is that foreign partners would become richer and richer, but local partners would have no change in status. Because of this we want to encourage local people.

Thailand has plans to develop several hydropower dams along the Thai-Burmese border such as the over 6,000 Megawatt Salween Dam, and many environmentalists are concerned that those projects will have negative impacts on your natural resources, mainly the forests. What is your opinion?

[Chit Swe] Now they are discussing natural gas to Thailand through Kanchanaburi Province. The project does

not affect a big area—only a small area for the gas pipeline and only some roads. I think there is no problem.

As for the Salween Dam, I think it is a very big project. It has to go phase by phase. You should ask the Energy Minister. He may be able give you some ideas.

Which country is the biggest investor in your forestry industry and the biggest log buyer?

[Chit Swe] I think Thai companies. When it is not easy to get logs from the border, they come here. Thai people have very good experience in the timber business. They buy from our country, logs as well as other forestry products.

The Japanese are usually the highest bidders. They buy the best quality teak and other hardwood. However, they usually sell it later, especially hardwood, to the Taiwanese. There is a case when a Japanese company bid highest in one tender for some logs. We thought it was going to Japan, but it turned out that the company sold the logs here to a Taiwanese company. When I met the Taiwanese gentleman and asked him if he was going to take the logs to Taiwan he said he was going to sell the logs to China. So it is just changing hands causing the value to go higher and higher. Because of this, we are trying to sell directly to the real buyers.

Is China one of your biggest timber buyers?

[Chit Swe] No. It is Japan. The West also buys quality teak. Fourth quality teak is bought mainly by the Indians. They have got a very good market with the Middle East, which we don't. Because of this we go through the Indians as third party.

Brunei, Malaysia & Singapore

Malaysia

General Concerned on Troops' Safety in Bosnia

*BK1502100494 Kuala Lumpur BERNAMA in English
0837 GMT 15 Feb 94*

[Excerpts] Kuala Lumpur, Feb 15 (OANA-BERNAMA)—Malaysian soldiers in Bosnia-Herzegovina will be defenceless in the event of a retaliatory attack by Serbian forces following the imminent air strikes by NATO, Defence Forces Chief General Borhan Ahmad said Tuesday. Borhan said the soldiers serving with the United Nations Protection Force (UNPROFOR) were not armed to fight a full-scale war but adequately to defend themselves as peacekeepers. [passage omitted]

You must understand that my boys are not there for the war. Only as peacekeepers. They will have to find their own way to defend themselves (in the face of the air strikes), he told reporters. We are not prepared to fight the Serbs if they react to the air strikes. We can't simply

retaliate to heavy artillery with our rifles, can we? Gen. Borhan asked. In that respect, Gen. Borhan said, when the soldiers cannot retaliate, the best option for them is to take cover in trenches. This is the kind of risk we are taking and in the process we have to expect casualties, he said. [passage omitted]

He said some of the 1,500 Malaysian soldiers are holding positions in Sarajevo, pockets of them are outside the ravaged city while some are on their way to the city. There were reports that some of the soldiers are positioned in split. The soldiers were scheduled to be operational by this month but, according to Gen. Borhan, the UNPROFOR command had reassigned the Malaysian Battalion (Malbatt) to be fully operational (as peacekeepers) by next month.

NATO Asked To Arm Peacekeepers in Bosnia

BK1702064094 Kuala Lumpur BERNAMA in English 0412 GMT 17 Feb 94

[Text] Kuala Lumpur, Feb 17 (OANA-BERNAMA)—Malaysia will ask the North Atlantic Treaty Organisation (NATO) to arm the country's soldiers serving with the United Nations peacekeeping force in Bosnia-Herzegovina if NATO attacks the Serbian aggressors around Sarajevo, Prime Minister Mahathir Mohamed said tonight [as received]. The Malaysian soldiers would need the weapons to defend themselves against any retaliation from the Serbs, he said.

The cabinet, at its weekly meeting Wednesday, decided to ask NATO to supply Malaysian soldiers arms similar to that used by its troops if NATO attacks the Serbian aggressors, he told reporters here. We will ask NATO to supply weapons similar to that its soldiers have, and we will make the request as soon as possible, he said.

Nevertheless, Dr. Mahathir was doubtful whether NATO would launch any attack against the Serbs who had stepped up their strikes recently against the people of Bosnia. We do not believe that NATO will attack. It only says it wants to attack, he said. Replying to a question whether Malaysian troops would continue to defend themselves if the war prolonged, he said: we have to consider whether we get assistance from those who have the capability. So far we have not been notified by NATO whether it wants to assist or not. He said Malaysia also requested the United Nations to withdraw the arms sanctions on the people of Bosnia to enable them to defend themselves.

Dr. Mahathir said the government had no plans to increase the number of its soldiers in Bosnia-Herzegovina because the existing number, about 1,500, was determined by the United Nations.

Ibrahim Rules Out Cooperation With PBS

BK1702101994 Kuala Lumpur Voice of Malaysia in English 0800 GMT 17 Feb 94

[Text] The federal government has ruled out any form of cooperation with the Parti Bersatu Sabah [United Sabah Party], PBS, after the state elections. The deputy prime minister, Datuk Sri Anwar Ibrahim, told a news conference in Kota Kinabalu today that the decision was taken after consultations with the prime minister, Datuk Sri Dr. Mahathir Mohamed, and other National Front [BN] leaders. Datuk Sri Anwar said there is no way the federal government can cooperate with a PBS-led state government, as its policies and personalities were inconsistent with those adopted by the BN.

On the privatization of several key government agencies in Sabah, Datuk Sri Anwar said the process was conducted contrary to the principles and rules of privatization adopted by the federal government. Any project privatized by the federal government is first evaluated by the Economic Planning Unit before it is considered and approved by the cabinet. The interest of the government and the respective states is always safeguarded. In the case of Sabah, privatization is decided by a single person and the interests of Sabah were ignored.

Singapore

Mitsubishi To Absorb Part of Shell Project

BK1602132494 Singapore BUSINESS TIMES in English 16 Feb 94 p 2

[By Lilian Ang]

[Text] Mitsubishi Petrochemical, one of Japan's largest chemical producers, is taking a 30 percent stake in the Shell group's \$750 million [Singapore currency] styrene monomer/propylene oxide project in Singapore.

A Shell spokesman said yesterday that the two parties have agreed in principle to team up for the proposed project, which is a part of a \$4 billion plan to expand Singapore's petrochemical complex. But the joint venture agreement is to be signed only after the larger expansion plans for the petrochemical complex are finalised. Details of these plans, delayed since last year, are likely to be ironed out in the next few weeks.

In essence, Shell's deal with Mitsubishi will see the two chemical giants form a joint venture—Seraya Chemical Singapore. Shell will own 70 percent, and Mitsubishi, 30 percent, of the company which will build a styrene monomer/propylene oxide plant on Pulau Seraya. The new plant will produce 310,000 tons of styrene monomer and 140,000 tons of propylene oxide per year. These petrochemicals are used in a wide range of products including packaging materials, toys and electrical goods.

Construction is scheduled to begin next month, with completion and a trial production run slated for the

second quarter of 1997. Raw materials for the proposed plant will come from the main petrochemical complex on an adjacent island, Pulau Ayer Merbau.

For Mitsubishi, the tie-up with Shell will help it establish overseas production bases and avoid both rising production costs and flat petrochemical demand in Japan. The group said in a statement issued in Tokyo on Monday that its decision to take a stake in Shell's project is prompted by the need to keep tight reins on its competitive edge.

Also, Mitsubishi's existing styrene monomer capacity of 480,000 tons per annum, largely exported to Southeast Asian markets, could be insufficient to meet future demand growth in these markets. Under the Shell-Mitsubishi agreement, the Japanese group will be entitled to 95,000 tons of styrene monomer and 42,000 tons of propylene oxide per year. Mitsubishi said it plans to sell the bulk of these products in Southeast Asia.

On Shell's part, the latest joint venture will further deepen its ties with its Japanese partner. The Anglo-Dutch group already holds a 20 percent stake in Mitsubishi Petrochemical. A Shell spokesman said Mitsubishi could help contribute capital and additional marketing channels for the new plant's products.

Development Board Notes Investment Increase

BK1602123794 Singapore BUSINESS TIMES in English 16 Feb 94 p 1

[By Genevieve Cua]

[Text] Singapore—Investment commitments in the local manufacturing sector rose almost 12 percent last year to \$3.89 billion [Singapore currency], despite growing competition from other regional economies seeking new capital.

Economic Development Board [EDB] chairman Philip Yeo said yesterday that the commitments were in "better-quality" projects and were expected to generate \$3.12 billion in gross value-added or GVA. This is a measure of the contribution to Singapore's gross domestic product. "We have kept to our objective of attracting better-quality projects resulting in higher GVA per worker," Mr Yeo said. "Projects in our pipeline are even better." He did not give details of the nature or value of the projects in the pipeline. But at the end of 1992, around \$9.4 billion worth of projects were under serious negotiation.

The 1993 commitments translate to a GVA per worker of nearly \$294,300. This is nearly four times the current average GVA per worker for the manufacturing sector.

Mr Yeo emphasised the importance of manufacturing investment. "We look for a balance. We like to have both manufacturing and services," he said. "But manufacturing is the key because it creates a multiplier effect. Without manufacturing there will be no demand for services."

More than half of the total commitments in 1993 came from the chemicals and electronics industries. The U.S. remained the biggest investor, pumping in about \$1.45 billion or 32 percent of the total. Next was Europe with \$857 million, then Japan with \$779 million. Investments by home-grown companies came to \$741 million, accounting for 19 percent of the total. This was 6.7 percent rise over 1992. The services sector attracted commitments of \$352 million and generated total business spending of \$470 million.

At a briefing yesterday, EDB managing director Tan Chin Nam also outlined EDB's strategic thrusts for the year in the light of the generally weak Western economies and growing competition among Asian countries.

These are some of EDB's tasks for 1994:

- Play a key role in the development of world-class industry clusters. These are groups of manufacturing companies, covering a product from the start, such as design, to the final phases of assembly.
- Help make Singapore a global business hub. The EDB is finalising an International Business Hub 2000 study to set a framework and direction. The focus will be on headquarters and business services, communications and information.
- Regionalisation. The Finance Ministry has provided a special budget for the International Business Development Strategic Business Unit to be expanded into a full operating division of the EDB.
- Developing local enterprise. The EDB will seek to strengthen the supporting industry base to attract more quality foreign investments.

Cambodia

Government Welcomes End of SRV Trade Embargo

BK1702104794 Phnom Penh AKP in English 1003 GMT 17 Feb 94

[Text] Phnom Penh AKP February 17—The Royal Government of Cambodia has formally welcomed the lifting of U.S. embargo against Vietnam.

In a welcoming letter dated February 14 and sent by Cambodian Minister for Foreign Affairs Prince Norodom Sirivut to his Vietnamese counterpart, Prince Sirivut said:

"We are deeply delighted and pleased at the news of U.S. lifting of embargo against Vietnam. It would open a new prospective to the socio-economic progress and the development of multiform relations in our region."

Prince Sirivut wished Vietnamese people success and prosperity in their national construction.

Sirivut Meets With Stephen Solarz 15 Feb*BK1702112194 Phnom Penh AKP in English
1008 GMT 17 Feb 94*

[Text] Phnom Penh AKP February 17—U.S. Senator [as received] Stephen Solarz has said here that the good relations between the Association of Southeast Asian Nations (ASEAN) and Cambodia were an important factor for the stable support of development in Cambodia.

Stephen Solarz was speaking at a meeting Tuesday, 15 February, with Prince Kromkhun Norodom Sirivut, deputy prime minister and minister of foreign affairs and international cooperation.

Many American investors, who were willing to do business in Cambodia, took into account the development of Cambodia and the upgrading of people's living conditions, he said.

Speaking on behalf of the co-prime ministers, Prince Krompreah Norodom Ranariddh and Samdech Hun Sen, Prince Kromkhun Sirivut said Cambodia tried to make good relations with the neighbouring countries for the stability in Cambodia as well as in the region in general and for the development of the country.

Cambodia had a real hope for a good relations between Cambodia and the United States, he said.

Cambodia also wanted the United States to provide assistance to the law-making and to promote U.S. investment in and trade exchanges with Cambodia.

Charles Twining, head of U.S. diplomatic mission in Cambodia was also present at the meeting.

SRV Foreign Minister Arrives in Phnom Penh*BK1602123594 Phnom Penh AKP in English
1005 GMT 16 Feb 94*

[Text] Phnom Penh AKP February 16—A Vietnamese delegation led by its Foreign Minister Nguyen Manh Cam arrived here this morning [16 February] for a three-day visit to Cambodia.

Nguyen Manh Cam and his party were welcomed at Pochentong Airport by Vice Prime Minister and Minister for Foreign Affairs Prince Norodom Sirivut and other officials.

It's the first official visit made by the Vietnamese delegation since the forming of the Royal Government of Cambodia in November last year.

Cam is scheduled to have an official talks with Prince Norodom Sirivut on bilateral relations between the two countries.

The Vietnamese foreign minister will call on First and Second Prime Ministers Prince Norodom Ranariddh

and Samdech Hun Sen and N.A. [National Assembly] President and Acting Head of State Chea Sim on February 17.

During the visit, an agreement on economic, scientific, technical and cultural cooperation between the Royal Government of Cambodia and the Vietnamese Government will be signed.

Leaders Meet Vietnamese Minister*BK1702083194 Phnom Penh National Radio of
Cambodia Network in Cambodian 0400 GMT
17 Feb 94*

[Text] Today at 0830 Prince Krompreah Norodom Ranariddh, first prime minister, and Samdech Hun Sen, second prime minister of the Royal Government of Cambodia [RGC], received His Excellency [H.E.] Nguyen Manh Cam, Vietnamese foreign minister, who is visiting the Kingdom of Cambodia. The visit of the Vietnamese foreign minister is to prepare for the official visit by H.E. Vo Van Kiet, Vietnamese prime minister, planned for next month at the behest of the two Cambodian prime ministers.

During the one-hour meeting, Prince Krompreah Norodom Ranariddh and Samdech Hun Sen welcomed and highly appreciated the talks between Prince Kromkhun Norodom Sirivut, minister of foreign affairs and international cooperation, with H.E. Nguyen Manh Cam, concerning bilateral cooperation in economics, trade, science and technology, culture, and tourism. The two sides agreed on peaceful coexistence and improving cooperation and good relations as neighboring countries in order to create peace and stability in the region.

Prince Krompreah Norodom Ranariddh and Samdech Hun Sen affirmed the government position on the issue of the border with Vietnam, saying that this should be resolved peacefully through mutual understanding and based on legal principles.

Concerning the issue of Vietnamese residents living in Cambodia and some who have returned to live along the border, the two Cambodian prime ministers specified that a solution will be found which is acceptable to national and international circles.

The two prime ministers stressed the difficulty involved in Cambodia's immigration law, soon to be promulgated, to ensure residence in Cambodia by immigrants because this matter is related to security problems caused by the Khmer Rouge group. In the past, Vietnamese immigrants had been the target of Khmer Rouge attacks.

Concerning the Mekong River, the two prime ministers and the Vietnamese foreign minister will find a common solution to continue and facilitate navigation through Vietnam and Cambodia without hindrance. An appeal was made to Laos to cooperate in ensuring the Mekong's suitability for serving the economic progress of each country and to avoid harming the environment.

Prince Krompreah Norodom Ranariddh and Samdech Hun Sen expressed their joy and told the Vietnamese foreign minister that the Cambodian Government is happy with the end of U.S. economic sanctions against Vietnam.

Sirivut Meets Nguyen Manh Cam

BK1602150394 Phnom Penh National Radio of Cambodia Network in Cambodian 1100 GMT 16 Feb 94

[Text] Prince Kromkhun Norodom Sirivut, deputy prime minister and minister of foreign affairs and international cooperation, held a working meeting on the morning of 16 February with Vietnamese Foreign Minister His Excellency [H.E.] Nguyen Manh Cam and his entourage, who are officially visiting Cambodia. The prince welcomed the Vietnamese foreign minister's visit to Cambodia, considering it a new step toward reinforcing the mutual understanding and the relations of friendship between the two countries.

In his reply, H.E. Ngyuen Manh Cam recalled the traditional relations between Vietnam and Cambodia as well as the traditional struggle conducted by the two peoples for their own independence, sovereignty, and territorial integrity.

He also spoke about Vietnam's past economic, social, and diplomatic achievements and the country's efforts to promote fine relations with its neighbors and other countries with a view to strengthening regional stability.

H.E. Nguyen Manh Cam said Vietnam can never forget Cambodia's support and assistance in the 1960's. He thanked His Majesty King Norodom Sihanouk Varaman for his policy toward the Vietnamese people's struggle. He was confident that under the king's leadership, Cambodia would successfully achieve national reconciliation and peace and have good relations with its neighbors. He reaffirmed that Vietnam always respects Cambodia's independence, sovereignty, and territorial integrity and wants to have harmonious relations and cooperation with the latter for the sake of the two countries' interests.

Prince Kromkhun Norodom Sirivut promised to present the invitation for the king to visit Vietnam soon.

In the meeting, the two sides discussed the border issue and the issue of Vietnamese immigrants and decided to set up two processes. The first is to establish the border negotiation framework in order to turn the Cambodian-Vietnamese border into a border of lasting peace and friendship so as to ensure security along the border. On this issue, the prince said discussion over the matter should be based on the Kingdom of Cambodia's border of the 1960's that was recognized by Vietnam and certain other countries and in the spirit of the 23 October 1991 Paris accord, which has a clause stipulating that every agreement concluded before 23 October 1991 and contrary to the spirit of the Paris accord concerning Cambodia's sovereignty should be considered null and void.

Concerning the second process for determining the status of Vietnamese immigrants, the prince said the issue of the immigrants will be examined after the Cambodian National Assembly has adopted an immigration law and that it will be resolved according to international law and practice.

The two sides jointly denounced past violence against the Vietnamese immigrants. They also discussed the issue of a Mekong committee and concurred that exploitation of the Mekong River should be conducted based on unanimous agreement; this is in the interests of all countries with access to the river.

Border Issue To Be Discussed

BK1702111994 Phnom Penh AKP in English 1000 GMT 17 Feb 94

[Text] Phnom Penh AKP February 17—Vietnamese Foreign Minister Nguyen Manh Cam agreed in principal to discuss the controversial issue of border demarcation between Vietnam and Cambodia, Foreign Minister Prince Norodom Sirivut said Wednesday, 16 February.

"We agreed with each other about the mechanism, the framework, we would like to have to discuss this," the prince said after lengthy talks here with his Vietnamese counterpart.

Other items on the agenda were the issue of Vietnamese settlers in Cambodia, trade facilities and customs regulations.

"But I told my Vietnamese friends the border problem is the main problem," the prince said.

The prince said he hoped further progress would be made when Vietnamese premier Vo Van Kiet visited Cambodia in March or April.

Prince Sirivut said he told the Vietnamese side that the government was also aware of Hanoi's concern about the fate of thousands of ethnic Vietnamese who fled to the border between the two countries last April to escape a Khmer Rouge campaign of ethnic cleansing and have since been barred from re-entering Cambodia.

KRAF Reports Capture of 'Important' KR Base

BK1702144794 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 17 Feb 94

["Latest News"]

[Text] The Khmer Royal Armed Forces [KRAF] General Staff says the KRAF has completely captured an important Khmer Rouge [KR] rebel base at Ang Toek in Preah Vihear Province at 1545 on 17 February.

Khmer Rouge 'Clarification' on Anlung Veng

*BK1702110594 (Clandestine) Voice of the Great National Union Front of Cambodia in English
0100 GMT 17 Feb 94*

["Clarification" issued by the Party of Democratic Kampuchea spokesman; dated 16 February]

[Text] I. For a month long, from mid-January to mid-February, the two-headed government and the puppets of communist Vietnam and their masters have time and again claimed that they have captured Anlung Veng. On 15 January and on 17, 20, 23, 27, and 31 January, they claimed the capture of Anlung Veng and informed national and international news reporters of the visit to Anlung Veng.

II. However, the news reporters have been waiting from one day to another till they have lost patience and accused the two-headed government of deceitful attempts. Such a scornful accusation has become the talk of the town, as the reporters and people in Phnom Penh know that the two-headed government and the puppets have suffered defeat after defeat in their operations in the direction of Anlung Veng. They had been severely defeated in their first, second, and third attempts. Their soldiers have suffered heavy casualties, both killed and wounded. They have died on the battlefield and from starvation, lack of water, malaria. Many of them have deserted. Even with such heavy casualties, the Hanoi authority and the entente continue to order the two-headed government and the puppets to launch the fourth attempt of military operation starting from 9 February. However, their soldiers—who have low morale—have deserted. Even the commanders of the operation—such as Long Sopheap, Prum Samen, Keo Pisit—have been scared of the battlefield as they have seen many generals, colonels, and other military officers killed or wounded at the front, and they are facing a deadly encirclement by the National Army of Democratic Kampuchea [NADK].

III. The spokesman of the Party of Democratic Kampuchea [PDK] would like to make the following clarification:

First, the region of Anlung Veng still remains in the hands of the PDK, but it has been transformed into a battleground between, on the one hand, the forces of the two-headed government and the puppets, and on the other hand, the forces of the NADK and the local people. The fighting continues unabated. However, the most outstanding feature is the fact that the NADK and the local people have been able to encircle the headquarters of the enemy commanding post where Long Sopheap, Prum Samen, Keo Pisit, and quite a number of other generals have to stay permanently in their tanks and always on the move in western and southern parts of Anlung Veng region. Their tanks and heavy guns have been under constant attacks by the NADK and must be on the move at all times. But they are facing another difficulty; that is, the shortage of gasoline.

Secondly, from 9 to 15 February, for seven days, the front-line commanders of the troops of the two-headed government had been encircled by the NADK and local people who can see that those puppet commanders were either put to rout or killed on the spot. Those who were able to escape with their troops from the frontline were intercepted and inflicted heavy casualties by our NADK units. The enemy situation has been in a desperate position because of several factors:

1. They are hundreds of kilometers far from their near bases;
2. They have no one civilian who supports them in the region;
3. They cannot supply themselves on the spot. In a word, they are like in desert. Everyday, because of food supply, they complain about ammunition shortage, about the non-forthcoming of tanks, heavy guns because they had in Phnom Penh, and complain about diarrhea and other diseases which have target their troops. [sentence as heard] On top of the list, because of fatigue, desertion has increased.

Thirdly, experiences of wars in the world have indicated that when the enemies stay in such an encircled position, cut off from their supply bases—such were the case of Stalingrad during the Second World War and Dien Bien Phu in Vietnam—they are finally annihilated.

Fourthly, during the course of the war in general and during a major operation in particular, the gain of lots of towns has its own significance [words indistinct]. The most important one is the elimination of the enemy strength. If the enemies lose their strength on the battlefield, they will lose their fighting forces and the towns they occupy. Experiences of the wars in Cambodia and in the world have clearly vindicated that particular view.

IV. Can communist Vietnam and its puppets and the two-headed government and the entente—who have worked out and implemented their strategies and tactics of starting the current situation through the pursuit of the war—resolve the problem? What will be their fate? Is not a peaceful conciliation better? To such questions, the answers are as follows:

Firstly, the above-cited questions can be answered by another question. On the battlefield of Anlung Veng, how many more days or months or seasons can the forces of the two-headed government continue the fighting, as they are in a desert land; they are encircled and cut off from their supply bases; and they have been under a constant attack, especially the guerrilla warfare of the NADK and local people?

Secondly, another question is: Taking into consideration the situation in Cambodia as a whole, are the old and new aggressors and their puppets as strong as Americans and Lon Nol? Do they have as much money as at that time? Are they as strong as the first Khmer war of the communist Vietnamese with hundreds of thousands of troops from 1978 to 1991? The next question that comes

to mind is: What will be the fate of the two-headed government who wants to continue the Vietnamese war?

Thirdly, another question is: Who wants national conciliation and peace? Who are against them? These questions are linked to the question of forces. Those who want national conciliation and peace will have forces. Those who are against them will not have forces. That is indeed a basic and strategic issue. Who supports the national conciliation and peace in accordance with His Majesty King Norodom Sihanouk's five-point guideline? It is the entire Cambodian nation and people based in the countryside and in the cities, at home and abroad, and peace-loving countries and people in the world, especially those of Asia, who want peace, security, and stability in the region.

Fourth, the entire Cambodian nation and people have risen up to uphold the five-point national conciliation banner of His Majesty King Norodom Sihanouk. These forces are gaining strength by the day from one month or season to another. These forces will certainly get rid of the aggressors, the warmongers, those who oppose national conciliation and peace, and the puppets of communist Vietnam until the banner of national conciliation and peace of His Majesty King Norodom Sihanouk will fly all over the country.

World War I and World War II experiences, as well as regional wars, have vindicated that the aggressors and their puppets will be eliminated by the forces of the entire nation and people. The fate of the old and new aggressors and their puppets in Cambodia will certainly not be different.

[Dated] 16 February 1994

[Signed] The spokesman of the PDK

KR Radio Reports Nationwide Activities

BK1702062294 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 16 Feb 94

[Text] 1. On 6 February, the people who have been maltreated by the state authority in Kompong Leng District for more than 10 years, cooperated with village militiamen and attacked the commune office in Peam Chhkaok in Kompong Leng District, Kompong Chhnang Province. They completely burned down this puppet commune office.

2. Also on 6 February, the people and militiamen who are angry with constant oppression of the puppet state authority, cooperated to attack and dismantle the brutal state authority in (Lambao), Russei commune, in Srei Santhor District, Kompong Cham Province. Two officials of Vietnam's puppet state authority were killed and five AK rifles seized.

3. On 10 February, forces of communist Vietnam's puppets attacked and robbed people. They were ambushed by the people and militiamen near Thleay

village, Thleay commune, in Memot District, Kompong Cham Province. Three were killed and five others wounded. Three AK rifles were seized and a car destroyed.

4. On 11 February people and militiamen ambushed Memot district troops who were on their way to attack and rob people. Three were killed and two others wounded; another two were arrested. A B-40 rocket launcher and 10 rockets were seized.

5. Also on 11 February, armed people who are constantly angry with the state authority of the communist Vietnam's puppets, revolted and attacked Ph'av town in Cheung Prey District, Kompong Cham Province, killing three local soldiers. They also destroyed two army vehicles, two tractors, and three warehouses.

The rubber plantation in Chamka Andong and other rubber plantations are all under Vietnamese control. Each month hundreds of tonnes of rubber are taken to Vietnam and sold for millions of dollars. The people are very angry because the rubber belongs to Cambodia but has been taken to Vietnam. Cambodia receives nothing. Therefore, the people have been killing communist Vietnamese and destroying the rubber of communist Vietnam's puppets.

6. On 13 February, state authority forces in Chamka Leu District attacked and arrested people who were collecting latex in Krek. They were ambushed by the people and militiamen in this rubber plantation. Two were killed and five others wounded.

7. Also on 13 February, people and village militiamen who are angry with brutal leaders of village and commune state authority—that have been rounding up people's children to fight and die on its behalf—attacked the commune office in Anlung Ak, Sokong commune, in Kang Meas District, Kompong Cham Province.

8. On 10 February people and militiamen, who have been maltreated countless times by the village and commune state authority of the communist Vietnam's puppets, revolted and attacked Tang Krasang commune office in Santuk District, Kompong Thom Province. They completely destroyed this office.

Philippines

Defense Officials Eye Purchase of F-5E Aircraft
OW1702052594 Tokyo KYODO in English 0449 GMT
17 Feb 94

[Text] Manila, Feb. 17 KYODO—Philippine defense officials have held "secret" meetings with their Taiwanese counterparts over the acquisition of 12 F-5E fighters Taiwan plans to discard once it acquires French-made Mirage fighters, a senior defense official said Thursday [17 February].

The official, who spoke on condition of anonymity, told KYODO NEWS SERVICE that Defense Undersecretary Ernesto Gidaya had been invited to Taipei "several times" to talk about acquisition of the aircraft, though Gidaya is using veterans' activities as a cover for his trips.

The source said that even before the informal meeting between President Fidel Ramos and Taiwanese President Li Teng-hui on February 9 in Subic Freeport, 126 kilometers northwest of Manila, "there had been low-key defense and military contacts between the two countries."

The three-hour Ramos-Li meeting at Subic drew the ire of China, and Manila has since been walking a tightrope in its relations with Beijing and Taipei.

The Philippine Government had asked Taiwan in August 1992 to either donate or sell its old aircraft at concessionary rates to the Philippine Air Force.

The Foreign Affairs Department made a recommendation that year to purchase the planes, in a memorandum to Defense Secretary Renato S. De Villa, following the U.S. Administration's decision to allow defense sales to Taiwan for the first time since a break in diplomatic relations in 1979.

The Philippine armed forces, regarded as the most obsolete of the Association of Southeast Asian Nations (ASEAN), launched a 10-year program in 1991 to modernize its inventory of World War II and Vietnam war vintage planes and ships. The 10 billion dollar program has so far progressed at a snail's pace due to lack of funds.

Foreign Secretary Reaffirms 'One China' Policy

BK1602154494 Manila MANILA STANDARD in English 12 Feb 94 p 2

[By Merlinda Manalo]

[Text] Foreign Affairs Secretary Roberto Romulo expressed confidence yesterday China's protest over the meeting between President Ramos and his Taiwanese counterpart, Li Teng-hui, will not harm long-term RP [Republic of the Philippines]-China bond.

"From our perspective, we hope that situation (with China) will continue as it is, and on the same basis as before," Romulo said, adding:

"I am confident that in the long-term, friendly and cordial ties with China will be enhanced further."

Romulo stressed the Philippines continues to adhere to a 'One-China' policy and clarified that a committee chaired by Foreign Affairs Undersecretary Rodolfo Severino formed last year was not meant to revise nor reassess the country's "One-China" policy.

According to Romulo, the President's orders to the Severino committee does not include a review of the Philippines' 'One-China' policy but only focused on studies on a "wholistic" approach regarding the country's relations with China and economic ties with Taiwan, Hong Kong, and Macau.

Romulo said President Ramos ordered the formation of the committee after his state visit to China to underscore that country's importance to the Philippines, Asia, and the rest of the world as an emerging superpower and a key economic player in the world market.

Romulo stressed that the government did not violate its 'One-China' policy because President Ramos' meeting with Li last Wednesday in Subic only focused on trade and investments.

"Trade, investments, and economic diplomacy with Taiwan is not in contradiction with the 'One-China' policy," Romulo said.

The Chinese Embassy, however, stressed the meeting violated the Philippine policy on recognizing only one China. It emphasized that before the Ramos-Li meeting took place, the Chinese Government had repeatedly expressed concern over Li's trips to Southeast Asia.

"The incident has greatly hurt the feelings of the Chinese people and sabotaged friendly relations between China and the Philippines. Thus, the Chinese Embassy is instructed to lodge a protest with the Philippine Government."

The embassy said it hoped the Philippines would learn a lesson from the recent incident and would prevent similar events from recurring in the future.

A DFA [Department of Foreign Affairs] official, however, said that the Chinese Government's protest was "baseless" since the meeting could not be construed as a violation of the Philippines' 'One-China' policy.

Romulo said that the Chinese Government "may be dismayed but they cannot be surprised" over the Ramos-Li meeting since they have been notified of it beforehand.

"We value China in this part of the world so we will not antagonize its government," Romulo added.

MNLF Official: 'MNLF Rebels' Killed 21 Marines

BK1702035294 Manila PHILIPPINE DAILY INQUIRER in English 13 Feb 94 p 8

[Text] Zamboanga City—An official of the Moro National Liberation Front said MNLF rebels, not the "Lost Command," were responsible for the killing of 21 Marines and four militiamen in an ambush in Tuburan, Basilan, on 9 February last year.

The announcement was made Friday [11 February] afternoon to the daily, THE MORNING TIMES, by a

relative of MNLF Commander Abdulnasir Samputu Kahalum. The chief of the Marine Forces in southern Philippines, Brigadier General Guillermo Ruiz, belittled Kahalum's claim that he led the ambush. He said that, as far as the military is concerned, all the attackers were "plain criminals, not MNLF rebels."

"We have never had a lost command in our area; all our men are MNLF regulars," the man said.

He said the MNLF attackers in Tuburan still have the firearms, uniforms, boots and other belongings they took from the slain Marines and militiamen.

"If General Ruiz says Commander Kahalum did not lead the ambush, how come Kahalum has the Marines' things?" the informant said.

Ruiz earlier belittled the claim of Kahalum that his group was responsible for the massacre of the 21 Marine soldiers and four militiamen at Sitio [village district] Badunggan, Barangay [village] Candiis, Tuburan.

Ruiz, who now heads the government panel in the joint cease fire committee with the MNLF, said he did not want to drag the name of the MNLF into the incident.

"In so far as we in the armed forces are concerned, the attackers are all criminal elements, whatever group they belong to, whatever creed they profess to, whatever sect or religion, they are criminal elements and we have to run after them," he said.

The general's reaction came after Kahalum, in an interview with radio station DXLL, confessed that he led Moro fighters in last year's massacre.

Kahalum said they ambushed the Marines in "self-defense."

He said the Marines were guided by six volunteers of the Civilian Home Defense Force and were poised to attack their camp at Badunggan.

"We had no choice but to defend our camp and prove to the Marines that we could resist them," Kahalum told broadcaster Jose Mari Bue.

Kahalum made the confession in order to clear the names of Tuburan Vice Mayor Rajid Sahabat and Tuburan Councilor Alih Sulaiman, who have been implicated in the ambush.

He said his purpose was also to let the truth come out.

Sahabat has been hiding since the court issued a warrant for his arrest, saying he could not pay the P450,000 [Philippine pesos] bail.

The 31-year-old Sahabat, who has sought refuge with the MNLF regulars, said he will turn himself in to the authorities as soon as he has money for bail.

Sahabat said he wanted to surrender even if he had to go to jail but was afraid of what the Marines might do to him.

"I want to go back to my work as vice mayor and to prove in court that I'm innocent," he said.

Councilor Sulaiman said their being implicated in the ambush was politically motivated.

ABB Explosives Provided by Military Rebels

*BK1702044794 Manila PHILIPPINE DAILY
INQUIRER in English 13 Feb 94 pp 1, 10*

[By Raymond Burgos]

[Text] The Rebolusyonaryong Alyansang Makabansa [RAM - Nationalist Revolutionary Alliance], a group of rightist military rebels, had provided a cache of various explosives to the leftist hit squad Alex Boncayao Brigade (ABB), a RAM leader has disclosed.

The RAM leader, who requested anonymity, yesterday said the cache of explosives, mostly bombs used by the Armed Forces of the Philippines, was given to leaders of the ABB sometime in 1990 after the RAM and the then Manila-Rizal committee of the Communist Party of the Philippines agreed to enter an "informal united front" to topple the administration of President Corazon Aquino.

The Manila-Rizal faction of the CPP [Communist Party of the Philippines] led by Felimon Lagman, broke off from self-exiled party founder Jose Maria last year, but kept the bombs given by the RAM.

"It's possible that the explosives used by the ABB team in bombing the head offices of three oil companies were part of the cache of explosives that were given to them," the military rebel said.

The ABB had claimed responsibility for the bombing of the offices of Shell and Petron in Makati and Caltex in Manila in protest over the 28 January decision of the Energy Regulatory Board to increase oil prices.

Two security guards of Petron were wounded during the bombings on 1 February. The ABB the next day said it would stop the bomb attacks to give way to street protests against the oil price increase.

President Ramos, on the eve of a planned general strike 9 February agreed to roll back fuel prices, triggered off by a P1 [Philippine pesos]-per-liter oil levy but on condition alternative sources of revenue were found.

The RAM leader's disclosure that bombs were given by the military rebels to the ABB supports the claim by communist factions loyal to Sison that the ABB is capable of "terroristic attacks" in Metro Manila.

Nova Salvacion, spokesman of a group in the Manila-Rizal communist committee which remained loyal to Sison, has said that a number of the bombs given by the RAM were planted by the ABB in "strategic areas"

between 1990 and 1991 to promote chaos and provoke street fighting in Metro Manila.

According to Salvacion, some of the planted bombs are still intact and could still be detonated.

The planned bombings at that time were aimed at creating an insurrectionary situation that will lead to the collapse of the Aquino administration.

At the height of protests calling for a permanent roll back in fuel prices last 9 February, police discovered several home made bombs and C-4 blasting caps inside the Motorola compound along the South Superhighway in Sucat, Paranaque.

Police investigators, however, failed to determine whether the bombs were part of a terror plot timed with the 9 February nationwide protest.

They also failed to identify the group responsible for planting the bombs inside the Motorola compound, owned by the family of businessmen Raul and Jose Concepcion, who supported the call for a general strike. Interior Secretary Rafael Alunan III claimed "extremist groups" planted the bombs found in Paranaque. Alunan, however, did not identify the group.

Thailand

Further Reportage on Visit by Taiwan President

King Receives Taiwan's Li

BK1702063694 Bangkok NAE0 NA in Thai 17 Feb 94 pp 1, 2

[Excerpt] The private visit of Taiwanese President Li Teng-hui has triggered strong reaction from the Chinese Government. On 16 February, the Chinese Government reportedly issued a protest note, accusing Thailand of violating the agreement and understanding between each other on the one-China policy and emphasizing its strong regret on the matter.

The note was issued after the Taiwanese president's visit to Thailand, which took place between 14 and 16 February during which the Thai Government organized a reception in Phuket. Deputy Prime Minister Amnuai was at the reception, played golf, as well as discussed economic cooperation with the visitor.

Thailand was the last leg of President Li's visit to the region. He was in the Philippines and Indonesia and was received by Presidents Fidel Ramos and Suharto despite the Chinese Government's charge that the visit would affect its relations with those countries. The Chinese Government issued two protest notes to the two countries and canceled a visit of Chinese parliamentary foreign affairs committee to those countries.

The Chinese Government resorted to the same two practices vis a vis Thailand. There was a reminder from the Chinese foreign minister. The Thai Government,

however, viewed the Taiwanese president's visit as private to "rest for three days to play golf."

In any event, China has made an initial protest by canceling indefinitely an official visit by an NPC foreign affairs delegation, originally scheduled for 23 February-1 March. A protest note also followed.

Meanwhile, Prime Minister Chuan Likphai told reporters that Thailand firmly abided by its one-China policy and that the Taiwanese president's visit would not affect that policy. He said the Thai Government should be able to practice a basic principle in the conduct of its fully independent foreign policy.

China and Thailand established diplomatic relations in 1975, and Thailand ceased diplomatic relations with Taiwan, which China regards as one of its provinces.

In any event, it was reported that on 16 February the king hosted a dinner for the Taiwanese president at Phuphing Palace, Chiang Mai Province. Prime Minister Chuan Likphai was present at the dinner. [passage omitted]

Prime Minister Comments

BK1702143594 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 17 Feb 94

[Text] Asked about the PRC Embassy's protest letter in connection with the meeting between Deputy Prime Minister Amnuai Wirawan and the Taiwan president, Prime Minister Chuan Likphai said that the Taiwan president has the right to come to Thailand because he has not been declared persona non grata. The government has already explained this issue to China. The prime minister noted that the meeting between the Taiwan president and Deputy Prime Minister Amnuai Wirawan was a personal affair. He said:

[Begin recording] [Chuan] Trade relations between Thailand and Taiwan are quite extensive. Taiwan's investment in Thailand is fairly high; last year it ranked third behind the Japan and the United States. Trade contacts have not been broken. We send workers to work in Taiwan.

As far as political relations are concerned, you can see that the Taiwan president did not have any official meetings with Thai political leaders. I did not meet with him.

[Unidentified reporter] What will our reaction be to Taiwan's attempt to use this visit for propaganda purposes?

[Chuan] It depends on how we treated the visit. The foreign minister and I did not have any official meetings with the president. This issue should come to an end. [end recording]

Prasong on Li, Burma Issues

BK1702150894 Bangkok Radio Thailand Network in Thai 1200 GMT 17 Feb 94

[Text] Speaking to reporters after his meeting with Singapore Foreign Minister S. Jayakumar at the Foreign Ministry this morning, Foreign Minister Squadron Leader Prasong Sunsiri said that his new Singapore counterpart came to see him just to get acquainted and their discussion touched on general issues.

Asked about the Taiwanese president's recent visit to Thailand, the foreign minister said he had earlier pointed out that the visit was a personal affair. There was no official reception held for Li. He does not believe that the visit will have any impact on relations between Thailand and the PRC. However, the foreign minister said that Chinese Foreign Minister Qian Qichen will stop in Thailand on 27 February and he will take this opportunity to explain to him about the Taiwanese president's visit to Thailand so that China will understand Thailand's position.

Asked about the report on the extended detention of Burmese opposition leader Aung San Suu Kyi, the foreign minister said he knows nothing about this matter, adding that the permission granted to a U.S. democratic congressman to meet with Aung San Suu Kyi is a good sign because it indicates that the Burmese Government has become more open in dealing with all problems. However, he noted that the detention of Aung San Suu Kyi is an internal affair of Burma. The foreign minister anticipated that Burma's political situation will improve since the world is paying much attention to it and the Burmese leaders themselves are aware of this fact.

Spokesman Terms Visit 'Private'

BK1702143994 Bangkok Radio Thailand Network in Thai 1200 GMT 17 Feb 94

[Text] Aphisit Wetchachiwa, spokesman for the Prime Minister's Office, held a news briefing at Government House, during which he answered reporters' questions on the PRC's protest over Taiwan President Li Teng-hui's visit to Thailand. The spokesman said that President Li Teng-hui is not persona non grata. Besides, his visit to Thailand was a private visit; he was not even the guest of the Thai private sector. There is no reason at all for Thailand to prevent President Li Teng-hui from visiting the country.

Concerning Deputy Prime Minister Amnuai Wirawan's meeting with President Li Teng-hui when he visited Thailand, the spokesman said the meeting was private. Regarding the luncheon hosted by House of Representatives Speaker Marut Bunnak for President Li Teng-hui, the spokesman said it was a parliamentary affair and the government had no business interfering with it.

The spokesman for the Prime Minister's Office reiterated that Thailand is a free country, and anyone who is

not persona non grata can visit. The government, meanwhile, has reaffirmed its one China stance, and hopes that the PRC does not become too worried about the issue. The spokesman said he believes the Foreign Ministry will be able to make China understand this.

Visit Said To Benefit Party

BK1702022094 Bangkok BANGKOK POST in English 17 Feb 94 p 3

[Text] A House Foreign Affairs Committee member yesterday claimed that Taiwanese President Li Teng-hui's "private holiday" to Thailand would only benefit a certain political party. Kuthep Saikrachang, the deputy House committee spokesman, made the comment to Parliament reporters but refused to identify the party. He said that during the last general election campaign, a rumour was spread nationwide that some countries could "buy" Thailand through some political parties that have spent "huge" sums of money to win elections.

Mr Kuthep who is also Phalang Tham MP for Si Sa Ket, said he did not know if Foreign Minister Prasong Sun-siri, deputy leader of the PDP, was told in advance of the Taiwanese leader's trip. He also denied that PDP members have vested interests in Taiwan.

Other House committee members also questioned why some New Aspiration Party MPs and executives were seen at the dinner meeting hosted on Valentine's Day at the Pacific Island Resort Hotel in Phuket.

The NAP's Labour and Social Welfare Minister Phai-thun Kaeothong led a Thai delegation consisting of MPs and job placement agency owners to Taiwan last year to seek more work positions on the island nation for Thai workers.

Mr Kuthep told the press that the House committee would next Wednesday invite Deputy Premier Amnuai Wirawan, Sqn Ldr Prasong, and Mr Phaithun to give testimony about their alleged involvement with the Taiwanese delegation.

Mr Amnuai was present at the party at the Pacific Island Resort Hotel in Phuket while Mr Phaithun has denied that he attended the meeting. The House committee deputy spokesman said the Taiwanese leader's trip has prompted China's House Foreign Committee to postpone its trip to Thailand from February 23 to March 1. The postponement was seen by the Thai House committee as a protest by the Chinese delegation. Mr Kuthep insisted that his House committee would again invite the Chinese delegation to visit the kingdom.

Deputy Minister on Meeting With U.S. Congressman

BK1702132394 Bangkok Voice of Free Asia in Thai 1030 GMT 17 Feb 94

[Text] Deputy Foreign Minister Dr. Surin Phitsuwan held a briefing on 16 February to describe his meeting

with U.S. Representative William Richardson, a Democrat from New Mexico, who called on him at the Foreign Ministry. The latter detailed his 14-15 February visit to Burma, authorized by the Burmese Government, to meet with Burmese leader General Khin Nyunt and opposition leader Aung San Suu Kyi.

Minister Surin said the new development reflects U.S. interest in Burma and the importance it attaches to diplomatic contacts with Burma. It also reflects the same concern that ASEAN feels for Burma. The deputy foreign minister said Representative William Richardson expressed his satisfaction that there is greater access to the Burmese leader and to Aung San Suu Kyi as a result of the constructive engagement policy.

Mr. William Richardson also wants Thailand to help promote unity in Burma in the areas of politics, narcotics, and human rights, and stressed Thailand's role with regards to the Burmese refugees at the common border with Burma. He said that Thailand, as Burma's neighbor, is in a good position to help Burma solve these problems. The deputy foreign minister said Thailand would do as much as it could to help Burma and provide the facilities that it needs.

Trade Official on Textile Quota Talks With U.S.

*BK1602110894 Bangkok PHUCHATKAN in Thai
16 Feb 94 p 3*

[Text] According to Oranut Osathanon, director of the Foreign Trade Department, the latest development in the negotiations between Thailand and the United States on extension of the textile quota which expired on 31 December is that the Thai side has asked for a new round of negotiations on 21-22 February in the United States. The United States has not responded yet.

Earlier negotiations failed to reach agreement because the U.S. side wanted to include punitive action against countries it found to have exceeded quotas by using quotas of third countries by immediate reduction of the offending countries' quotas. If the quota violation is large, the reduction would be threefold. The Thai side felt the punishment to be unfair. It also sought quota enlargement and thus refused to sign an accord. The Thai side has been trying to organize other ASEAN countries to enhance its bargaining power.

Oranut said the fact that the Philippines accepted the U.S. conditions and signed an accord early last month could make it more difficult for Thailand to negotiate quota enlargement and punitive clauses. In any event, the accord reached between the United States and the Philippines will be studied to aid Thailand's negotiation position.

Oranut said an alternative is to not sign a quota accord, the course which Thailand chose three years ago.

Editorials Consider Japan-U.S. Trade Conflict

BK1602122994

[Editorial Report] On 16 February the Bangkok newspapers THAI RAT and KRUNGTHEP THURAKIT publish editorials commenting on the trade conflict between Japan and United States and the possible impact on Thailand.

THAI RAT's 450-word editorial, on page 3, titled: "Keep a Close Watch on Japan," says it is necessary for "the Thai Government and the private sector to closely monitor developments following the collapse of the U.S.-Japan trade talks last week because they can have 'considerable' impact on the Thai economy in general."

The editorial says that the failure of the negotiations has caused the yen's appreciation against the U.S. dollar. "Consequently, Thailand is affected immediately in two ways. First, it will have to pay more for raw materials and semi-finished products imported from Japan. Second, the exchange rate of the baht will rise and thus affect Thailand's competitiveness in the international market."

The paper cites reports on Japan's move to open its market for hundreds of countries with which it has been developing trade surpluses in an attempt to prevent them from being exploited by the United States. "We must closely monitor all developments so that we can figure out what goods we can sell in their market. Meanwhile, we must make the necessary preparations to cope with the relocation of Japanese factories to other countries. We have to attract them to our country."

"Labor costs in Thailand might be higher than those in China, Vietnam, Laos, Cambodia, and Burma, but that is not a problem since labor forms only 22 percent of total production cost. We have an open money market and telecommunications network that is far superior to those of many other countries. If the state and private sectors join hands, we will gain substantially."

KRUNGTHEP THURAKIT's 400-word editorial, on page 2, titled: "Beware, We Might Get It," cites reports from foreign news agencies on U.S. President Clinton's pledge to impose sanctions against Japan in retaliation for the latter's refusal to cooperate in solving the problem of the U.S. trade deficit. The first retaliatory measure to be used by the United States is the closure of its cellular phone markets. The editorial notes: "Although the cellular phone is only a product, the closure of the U.S. markets has psychological repercussions on U.S. trading partners, including Thailand."

The paper notes: "President Bill Clinton said earlier he would probably not take immediate retaliatory action against Japan. Nobody knows why he changed his mind. Therefore, we should try to find out why he changed his mind so fast."

The editorial assumes that the closure of the U.S. cellular phone market is a warning to Japan that the United

States takes the trade deficit problem very seriously and proof of President Clinton's decisiveness to the American people.

"As for Thailand, we must always remember that the United States has been picking on us regarding its trade deficit. Seemingly lenient, the United States is very strict with us on violations of copyrights and other trade and service rights. We are still in a dangerous position, watched closely by the United States, and can also face trade retaliation.

"We cannot say that the United States will not do anything against us. What the United States has done to Japan should serve as a warning to all countries to not take advantage of or cheat it. It is believed, however, that the United States will use careful judgement before punishing any country, otherwise it might cause excessive difficulties or a tense situation which can trigger violent responses detrimental to the GATT endeavours to eliminate tax barriers and other obstacles to strengthening the international free trade system."

Cambodian Border Points To Allow Timber Shipment

*BK1602102394 Bangkok SIAM POST in Thai
16 Feb 94 p 9*

[Text] According to Trat Governor Phairot Priyarat, his office has written to the Interior Ministry for permission to open temporary border crossing points to comply with the Cambodian Government's agreement allowing Thai logging firms to transport cut logs out of the country by 31 March. Cambodian officials are checking the number of these logs.

Trat Provincial Forestry Officer Chaikon Sapkit said the National Security Council will make the first recommendation on opening the border. The issue will then be forwarded to the Foreign Ministry, which will submit it to the cabinet for approval. The entire process is time-consuming and could be too late to meet the Cambodian Government deadline.

The five temporary crossing points in Trat that are expected to be opened are:

- a) Ban Pong Chi, Tambon Dan Chumphon, Bo Rai District for the Phiphat Pamai Company;
- b) Ban Khlong Pun Piak, Tambon Dan Chumphon for the Chao Phraya Chai Company;
- c) Ban Kraduk Chang, Tambon Dan Chumphon for the Wooden Supply Import and Export Company;
- d) Ban Mamuang, Village Group 3, Tambon Nonsi, Bo Rai District for the Nit Yothakan Company; and
- e) Ban Tha Sen, Village Group 3, Tambon Laem Klat, Muang District for the Thung Din Dam Company.

The log transportation ban resulted in 25.21 million cubic meters of logs worth 15 billion baht being left in

Cambodia and the loss of 1.2 million baht daily in use of transportation equipment and 150 million baht in skilled and unskilled labor.

Cabinet Insists on Barter With Italy for Planes

*BK1602045194 Bangkok THE NATION in English
16 Feb 94 p A1*

[Text] Defence Minister Wichit Sukmak yesterday said the Cabinet was still insisting that the Air Force use the barter system to purchase transport planes from Italy.

Wichit said the Cabinet had given approval to the Defence Ministry to buy six transport planes, worth Bt3.42 billion, from Italy, but it must cooperate with the Finance and the Commerce ministries to persuade Rome to buy Thai agricultural produce in return. Wichit said it would be difficult for Thailand to ask Rome to accept the barter-trade deal since the purchase was not at government-to-government level. He also said if the Air Force had to coordinate with the other two ministries it might delay the plan and "the price will go up."

The Cabinet decided last November that the armed forces must inform the Commerce Ministry about future arms purchase so that it could help to negotiate possible barter deals. The Cabinet's move was lauded as a way to end decades of obscure weapons purchases which sometimes were plagued with charges about irregularities.

Prime Minister Chuan Likphai later played down the issue by saying that the decision was not mandatory. The Commerce Ministry however has set up a committee, chaired by Director General of the International Trade Department Oranut Osathanon, to study and coordinate potential arms barter-trade deals with foreign countries.

Vietnam

Spokesman on Embargo, U.S. Talks, Spratlys

BK1702152194 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 17 Feb 94

[Text] Dear friends: Mrs. Ho The Lan, spokeswoman for the Vietnamese Foreign Ministry, held a regular news conference in Hanoi this afternoon with a large number of local and foreign correspondents in attendance.

The REUTER, AP, ABC, NIKKEI, and YOMIURI SHIMBUN correspondents raised questions about the timing, venue, and level of the forthcoming Vietnamese-U.S. talks on the issue of financial claims and about any other issues that will be discussed at these talks. The REUTER correspondent asked another question about the reason for the postponement of the talks on financial claims and about when the two sides would discuss the opening of liaison offices. In reply, Mrs. Ho The Lan said:

It is true that Vietnam and the United States had initially planned to discuss mutual financial claims on 15-16 February. But as Mr. Le Mai clearly stated at his 4

February news conference, with President Bill Clinton's declaration lifting the embargo against Vietnam, and with his proposal to exchange liaison offices between the two countries, new issues have arisen that need to be discussed by both sides. The talks must therefore be postponed for some time to allow for better preparation. The issue of financial claims and the setting up of liaison offices in Hanoi and Washington will certainly be included on the agenda of the upcoming talks. We have thus far only agreed that Hanoi will be the venue for the talks. I will inform you of the timing when an agreement is reached.

To a question raised by the REUTER and AP correspondents about when Vietnam and the United States will begin their talks on human rights, Mrs. Ho The Lan said:

Vietnam advocates holding dialogues with all countries, including the United States, on matters of mutual concern, including the human rights issue. As for how much progress has been made in connection with the dialogue on human rights, we have reached a general understanding that such a dialogue will be an exchange of views based on equality, mutual respect, and noninterference in each other's internal affairs. It is on this basis that Vietnam and the United States have agreed to meet to discuss matters of mutual concern, including the human rights issue—in the near future in New York or Washington—to understand each other's positions better. By the way, I would like to reassert it is Vietnam's policy to attach importance to relations with the United States and to wish for normal relations between the two countries on the basis of respect for each other's independence and sovereignty, noninterference in each other's internal affairs, equality, and mutual benefit. During their previous talks, both the United States and Vietnam came to understand that the goodwill and efforts of both sides will determine whether or not obstacles arise in the path of normalized relations between the two countries. The two sides also unanimously held that no political conditions should be attached to the normalization of relations between Vietnam and the United States.

The BANGKOK POST correspondent asked whether Vietnam saw any prospects for differences over the Spratly and Paracel archipelagoes being settled through preventive diplomacy, in view of the 16 February Bangkok seminar on preventive diplomacy held between the ASEAN countries and their interlocutors with UN participation. Mrs. Ho The Lan said:

The Paracel and Spratly archipelagoes are under Vietnamese sovereignty. We advocate settling all disputes through peaceful negotiations. This conforms to the general trend of the countries in the region. We believe that all differences can be settled through negotiation and diplomacy.

The QUAN DOI NHAN DAN correspondent said that according to the Chinese press and Radio Australia,

China has sent two research ships to the Spratly archipelago to explore for oil. The correspondent asked if the Vietnamese side had any comment on this. Mrs. Ho The Lan said:

Time and again, we have affirmed that the Spratly and Paracel archipelagoes are Vietnamese territory. Any foreign oil exploration in the Spratly archipelago area or on Vietnam's continental shelf without Vietnam's permission or approval amounts to a violation of Vietnam's sovereignty and other rights. This incident is at variance with an agreement reached between the two countries that both sides should refrain from doing anything that may further complicate the situation while they conduct negotiations to settle problems in the Eastern Sea.

Answering a question from the ITAR-TASS correspondent regarding Vietnam's observation of the results of the Geneva conference on Indochinese refugees, Mrs. Ho The Lan said:

We have expressed our stance on several occasions regarding the repatriation of Vietnamese refugees still stranded in first-asylum countries. I would like to reiterate that the Vietnamese Government is ready to hold talks with all parties concerned to take back refugees whose applications for resettlement in third countries are turned down. Such repatriation must be carried out on the basis of willingness; respect for human dignity; and guarantees of safety, orderliness, and the necessary international financial assistance so that returnees can gradually stabilize their lives after returning to Vietnam. In this spirit, we have been cooperating and are currently cooperating effectively with the High Commissioner for Refugees and other parties concerned to help complete the repatriation program by the end of 1995.

Asked by the ITAR-TASS correspondent about Vietnam's reaction to the possible NATO bombing of Sarajevo in Bosnia-Herzegovina, Mrs. Ho The Lan said:

We hope that the Sarajevo issue will be settled through peaceful negotiations among the warring factions. We do not believe that bombing will bring peace to that country or stability to the Balkan region.

[Hanoi VNA in English at 1445 GMT on 17 February in a similar report adds: "On news about whether Japanese Prime Minister Hosokawa would visit Vietnam, Mrs. Lan said: Vietnam has not received such news through official channel. However if the Japanese prime minister plans to visit this year, he is welcome and Vietnam considers it an important event in the development of the friendship and cooperation between the two countries. Mrs. Lan rejected the news that Prime Minister Vo Van Kiet was going to visit Indonesia and to meet with Taiwan's president in Bali."]

Former Energy Minister on Trial for Corruption

BK1702142894 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 17 Feb 94

[Text] The Civil Court of the People's Supreme Court opened a public session this morning in Hanoi to conduct a preliminary-cum-final trial of a case involving the roundabout dealings in 4,000 tons of steel designed to support the construction of the north-south 500 KV powerline. The dealings have caused a loss of 3.1 billion dong to the state budget.

Mr. Mai Ngoc Chinh, chief judge of the Civil Court of the People's Supreme Court, presided over the court session. Attending the session were the plaintiffs' defense lawyers, witnesses, and representatives of a number of agencies involved in the case.

At this morning's session, following the initial proceedings, the court heard a representative of the Supreme People's Organ of Control read the verdict of the Procurator of the Supreme People's Organ of Control against the following plaintiffs:

1. Doan Trung Thanh, former director of the Vietnam-Poland Economic, Technological, and Cultural Development Support Services Corporation, which is also known as VINAPOL [Vietnam-Poland] for contact purposes. Doan Trung Thanh was charged with illegal use of socialist property.
2. Doan Thi Huu Nghi, former director of the VINAPOL Limited Corporation. Doan Thi Huu Nghi was charged with illegal use of socialist property.

3. Vu Ngoc Hai, former minister of energy. Vu Ngoc Hai was charged with abuse of power while discharging his official duty.

4. Le Nien, former deputy minister of energy. Le Nien was charged with lack of responsibility in exercising authority and incurring serious losses.

5. Pham Dao Khanh, former deputy director of the Board of Management of the 500 KV powerline building project. Pham Dao Khanh was charged with lack of responsibility in exercising authority and incurring serious losses.

6. Dinh Ngoc Dat, former director of the Coal Import-Export and Materials Supply Corporation, which is also known as (QUALIMEX) [expansion unknown]. Dinh Ngoc Dat was charged with deliberate attempts to act at variance with state economic management regulations and incurring serious losses.

7. Nguyen Dinh Lam, former deputy director of the (QUALIMEX) corporation. Nguyen Dinh Lam was charged with deliberate attempts to act at variance with state economic management regulations and incurring serious losses.

8. Nguyen Duc Ai, former director of the Metal General Corporation, which is also known as VINAMETAL [Vietnam Metal]. Nguyen Duc Ai was charged with deliberate attempts to act at variance with state economic management regulations and incurring serious losses.

9. Nguyen Trong Sang, former chief of the Business Operations Office of the Metal General Corporation. Nguyen Trong Sang was charged with deliberate attempts to act at variance with state economic management regulations and incurring serious losses.

At this morning's session, the court began questioning the plaintiffs one by one. The court session is expected to last until 19 February.

Australia

Trade Minister Comments on U.S.-Japan Dispute
BK1702100894 Melbourne Radio Australia in English
0630 GMT 17 Feb 94

[From the "International Report" program]

[Text] Australian Trade Minister Bob McMullan says Asia has a vested interest in seeing the United States resolve its trade differences with Japan. Tensions between the two economic powers have heightened, with the United States now threatening to impose sanctions in 30 days unless Japan acts to allow U.S. access to its cellular telephone market. Senator McMullan says there is still time for the two countries to sort out their differences amicably. Over the past few days, Australia has maintained its stance of not taking sides in the dispute. Camille Fennell asked the trade minister why Australia was adopting such a stance:

[Begin recording] [McMullan] Well, we are saying very forthrightly that we are opposed to the idea of managed trade, but there is no reason for us to take sides. We strongly have the view that Japan should open its markets and we also strongly have the view that they should not be opened in a discriminatory way—in a way that discriminates against Australia's interests—and we are making representations on both those matters to Tokyo and to Washington, and we will continue to do so.

[Fennell] Well, I understand you have had our ambassadors in Washington and Tokyo both assessing Australia's point of view.

[McMullan] That's right.

[Fennell] It appears you haven't had much of a hearing in Washington. What has been the reception in Japan?

[McMullan] Well, it is not so much that we haven't had a hearing. I mean, there we are just one voice in the international community. We should not overestimate our influence. It is important that our ambassadors express our views and that we express it forthrightly, because we've got an interest in this matter. But we should not get carried away and say just because the Australian ambassador to the United States expresses a view, or the Australian Government does, that the U.S. and Japan are going to sit bolt upright and say wow, I never thought of that, and change their position. We are seeking to add our voice to the other voices who are saying it is in the international interest—it is in the self-interest of the U.S. and Japan—that this matter is resolved amicably, fairly, and in a way that does not particularly inhibit the economic growth in Japan, because their economic recovery is very important to the whole world. But we also know the U.S. economy is looking stronger, but we don't want to see any inhibition to its recovery either, but it is not the one that is particularly vulnerable at the moment.

[Fennell] Well, some commentators have suggested that the United States is taking unfair advantage of Japan at the moment, considering it is in its worst recession since World War II. Is there any merit in that?

[McMullan] Well, I don't think they are being motivated by that, but I do think that all of us—the United States included—have to be sensitive to the impact of any events—any actions we might take—on the nascent Japanese recovery, because the demand for American goods, as for Australians, is significantly influenced by how well the Japanese economy does. So it is quite clearly contrary to the self-interests of the United States to impede the Japanese recovery, because we want them to be importing our products; the Americans want them to be importing American products. The balance of the trade deficit won't change if the Japanese economy doesn't have the strength to import American products.
[end recording]

Official Blames U.S. for Dispute*BK1702015594 Melbourne Radio Australia in English*
0100 GMT 17 Feb 94

[Text] Australia's special trade ambassador, John Button, has laid the blame for the trade dispute between Japan and the United States on the Americans. Mr. Button says it is simply a case of the United States resenting Japan's success in manufacturing and as a trading nation. He said while the United States is upset over Japan's huge trade surplus with them, Washington had to realize Japan had earned that surplus. Mr. Button said there are parallels between the United States' attitude to Japan and its attitude to Vietnam.

[Begin Button recording] Clinton has now lifted the embargo, but for a long time you could only conclude that the embargo, in spite of all the rhetoric, was really about the fact that Vietnam really won that war and America lost it. And that is a strange and unfortunate way to conduct foreign policy in a realistic sense, in my view. And it is the same with Japan—very difficult circumstances for some American industries occasioned by better manufacturers in Japan. And I don't know that that is something you ought to be sort of punished for.
[end recording]

Stevedore Strike Escalates; Exports Held Up*BK1702035394 Melbourne Radio Australia in English*
0100 GMT 17 Feb 94

[Excerpts] A national waterfront dispute is escalating with ports around Australia already at a standstill. Australia's major stevedoring company has begun dismissing workers in a move to break the strike action which began in Sydney a week ago when compulsory redundancy notices were issued to 55 employees. Hundreds of millions of dollars worth of exports are being held up on the nation's docks.

Leader of the opposition coalition National Party, Tim Fischer, said the federal government must intervene to

bring an end to the strike. He said the strike is an attempt by unions to block the progress of waterfront industry reforms.

The Australian Meat Exporters Council said at least two meat processing companies will also start standing down workers from today as a result of the ongoing waterfront strike.

The council said one plant in Victoria will lay off its entire work force of 550, while in Tasmania, a processor with 150 employees will also be forced to halt production. [passage omitted]

The federal government is keeping its distance from the escalating waterfront dispute, saying it would prefer the parties to settle the matter through the Industrial Relations Commission. But, the spokesperson for industrial relations minister, Laurie Brereton, said the minister is very concerned about the implications of the dispute for Australia's trade reputation.

The spokesperson said that is all the more reason the matter should be settled through the commission although the Australian Chamber of Shipping has faxed a letter to the minister requesting his intervention.

Vanuatu

Electoral College Unable To Elect President

*BK1602063394 Melbourne Radio Australia in English
0500 GMT 16 Feb 94*

[Text] In Vanuatu, a ballot for the country's next president has been unsuccessful. South Pacific correspondent, Erina Reddan, says no candidate received the required 38 votes or two-thirds majority to win.

[Begin Reddan recording] The government's candidate, Luc Dini, received 28 votes while 18 votes were cast for Father John Bernard Bani, who is supported by the opposition group, and 10 ballot papers were destroyed. A local council president was disqualified from the electoral college on a procedural matter.

Chief Justice Charles d'Imecourt called for the 57-member electoral college to reconvene on 2 March. Justice D'Imecourt also apologized for any offense he had caused for comments he had made over the opposition's boycott of the electoral college last Monday. It had boycotted because it had not been officially notified.

Justice D'Imecourt had said that the boycott was a disgrace and would make Vanuatu the laughingstock of the Pacific. Following those comments, the opposition had accused him of political bias. [end recording]

